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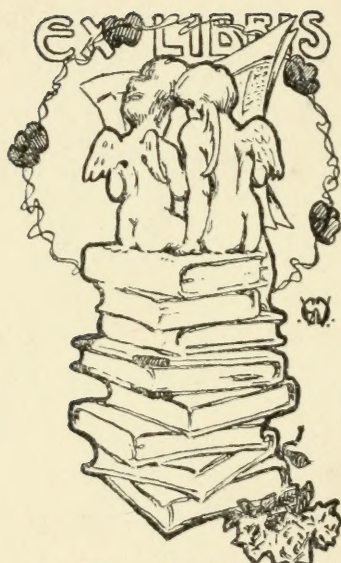
THE
Earning Power of Railroads
1910

JAS. H. OLIPHANT & CO.

20 BROAD ST.
NEW YORK.

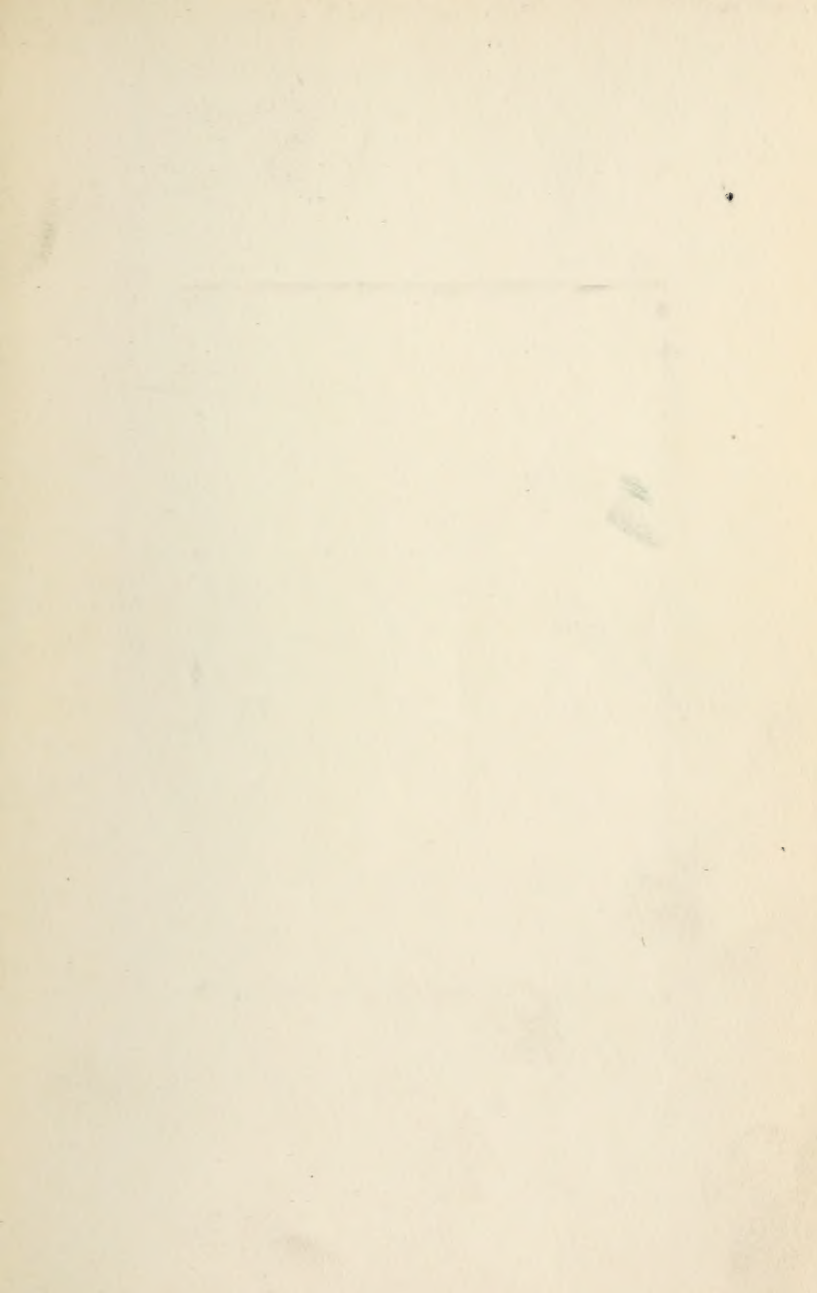
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THE
EARNING POWER OF RAILROADS
1910

Mileage—Capitalization—Bonded Indebtedness—Earnings
—Operating Expenses—Cost of Maintenance—Fixed
Charges—Comparative Statistics—Investments
—Dividends—Guarantees, etc.

Compiled and Edited by
FLOYD W. MUNDY
OF
JAS. H. OLIPHANT & CO.

1910

JAS. H. OLIPHANT & CO.

20 BROAD STREET
NEW YORK CITY

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CHICAGO, ILL.



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PREFACE.

In the following pages we present important statistics and other facts relating to the earning power and to the securities of railroads, arranged in convenient form, for ready reference. The statistics are given for practically all the railroads in the United States, Canada and Mexico, the securities of which are known, in a greater or less degree, to American investors.

The Introductory Chapters explain in a general way the fundamental principles to be applied by the investor in satisfying himself as to the value of the stocks or bonds of any railroad.

The Tables, which give vital statistics regarding earnings, mileage, capitalization, tonnage, etc., are designed to present the statistics mentioned in such a way as to permit of easy comparison between those of each railroad.

The Notes give information as to dividends and such other information about the railroads' capitalization, investments, physical and financial condition, etc., as appear to be of direct interest to the investor.

The official annual railroad reports have been used almost exclusively in the preparation of this book.

PREFACE

The one hundred and forty railroads, whose income accounts are given in *The Earning Power of Railroads*, operated, in the period under review, nearly 220,000 miles of main line.

The method of presentation is, we believe, such as will readily commend itself to investors and others interested in the securities of railroads.

JAS. H. OLIPHANT & Co.

Year 1910.

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INTRODUCTORY.

At first it must be stated that this book treats in the most simple manner of the earning power of railroads, and deals but little with those features alike most essential to investors—the traffic resources and the financial and physical condition. As a rule, comparison of the earning power of different roads can be made easily and intelligently owing to the uniformity in this regard of the reports submitted by the railroad companies. Recent legislation by Congress will result in establishing in the reports of railroads a practical uniformity which has never existed before. While the balance sheets of railroads seldom are as complete and satisfying as they should be, yet individual investigation into the financial condition of any road can readily be made, and, as a rule, its strength or weakness financially ascertained.

All too few details are given in the railroad reports of to-day as to the physical characteristics, the character of rail and ballast, the number of grade crossings, the extent and nature of curvatures and gradients, and the number and character of bridges, culverts, etc., etc. Knowledge of all these, as well as of the character and density of traffic and of the general conditions attendant upon the obtaining and conduct of such traffic, is essential to the complete understanding of the merits of railroad securities; yet invaluable information bearing upon their relative merits may be ac-

quired by comparison of the income accounts of the different roads. While the peculiar and varying conditions under which each individual road must of necessity be operated impair comparisons, yet analysis points to certain undisputed conclusions and gives an index to the truth.

There are numerous roads in existence of which it must be said that their "cost of road, structures and equipment," as exhibited in their financial statements, includes very large items, presenting altogether fictitious values. In fairness it must be stated that owing to the large expenditures for improvements, additions, equipment, etc., which for a series of years have been deducted from their surplus income, the "cost of road, structures and equipment" of an equal number of railroads is to-day understated in their balance sheets. Where fictitious values are given it will be found that these result from the charges, dating perhaps long ago, of excessive amounts for "discount on bonds," "reorganization expenses," and through the charges for construction of amounts which to-day would be considered fabulous. *Per contra*, taken in a strict sense, "bonds and stocks outstanding" represent to a considerable degree nothing save an equity in earning power. So it becomes of prime importance to ascertain the "earning power" of each railroad in order that through the comparison of the "earning power" of each with that of the other, certain conclusions as to the respective merits of their bonds and stocks may be deduced.

INTRODUCTORY COMMENT.

Preliminary to the discussion which follows, it is necessary to point out that the legislation enacted by Congress in June, 1906, has given absolute power to the Interstate Commerce Commission in its discretion to "prescribe the forms of any and all accounts, records, and memoranda to be kept by carriers subject to the provision of this Act, including the accounts, records, and memoranda of the movement of traffic as well as the receipts and expenditures of moneys. The Commission shall at all times have access to all accounts, records, and memoranda kept by carriers subject to this Act, and it shall be unlawful for such carriers to keep any other accounts, records or memoranda than those prescribed or approved by the Commission."

The provisions of this Act in so far as they relate to accounting for receipts and disbursements went into effect July 1st, 1907. The reports issued by the railroads concerning operations prior to July 1st, 1907, were made up on the old basis, and the statements and statistics given in this book so far as they relate to operations prior to July 1st, 1907, are made up on the old basis.

The text of the Chapters immediately following is virtually the same as in the previous editions of this book. The new method of accounting when its operation is

perfected will cause several changes to be made in the suggestions and remarks embodied in the various Chapters; yet, as a whole, the integrity of the discussion on the analysis of railroad reports will remain virtually without change.

Briefly, the instructions issued by the Commission under the provisions of the Act above referred to stipulate that, beginning July 1st, 1907, charges for construction, additions, betterments, equipment and all such charges of an extraordinary nature and not strictly operating expenses shall not be charged to Maintenance Expenses or otherwise included in Operating Expenses so as to constitute a deduction from Net Earnings. Expenditures of this nature may at the discretion of the railroad be either capitalized or deducted from the year's surplus as ascertained after all fixed charges and dividends have been deducted. For example, beginning July 1st, 1907, no charges are to be made to Maintenance of Way for improvements or betterments to track or structures where such improvements or betterments exceed in each case \$200; so in the case of Maintenance of Equipment, the cost of new equipment, except where purchased for replacement, is not to be charged (as it has heretofore frequently been charged) to that account. It is the purpose of the Commission to establish definite rules and regulations which shall govern "Renewals" and the "Depreciation" accounts, the purpose of these accounts being that

"all the cost of maintenance and not more than the cost of maintenance shall be charged to the maintenance accounts of Operating Expenses." The importance to the investor of the new accounting machinery now being put into operation by the Interstate Commerce Commission cannot be overestimated. To quote from a communication by the Interstate Commerce Commission, "there will arise a general confidence in railway securities which will give them a sure and stable value, provided the enterprise which they represent is a sound commercial enterprise."

The new system not only will result in absolute uniformity in the reports of all the railroads, but also will prevent any deception in either undercharging or overcharging Maintenance Expenses on account of repairs and renewals.

For the fiscal years ending June 30, 1908 and June 30, 1909, the accountants of the different railroads were privileged to base their charges on account of depreciation of equipment upon what they deemed a fair basis, stating in their reports to the Interstate Commerce Commission the exact basis upon which this depreciation is computed. It is understood that the Interstate Commerce Commission will issue definite instructions in regard to this depreciation charge on equipment which will thereafter apply to all the railroads. To the extent that this depreciation charge varies on the different railroads, the present accounting scheme lacks uniformity.

The Commission has not yet issued any instructions relative to accounting for depreciation of roadway and structures.

In the statements of Income Account in this book taxes are included in Fixed Charges as explained in Chapter XI. Reference is here made to this fact for the reason that according to the rules of the Interstate Commerce Commission, since July 1, 1907, taxes have been deducted from Net Earnings and are not considered as a part of the Fixed Charges.

THE EARNING POWER OF RAILROADS.

CHAPTER I.

INCOME ACCOUNT

(Note: Attention is particularly invited to the Introductory Comment (page 11) where reference is made to the recently enacted amendments of the Act to Regulate Commerce so far as these relate to the new methods of accounting which went into effect July 1, 1907.)

The income account, or statement of the earnings and expenses for a fiscal period, is now given in railroad reports as follows:

Operating Revenues	\$10,000,000
Operating Expenses	6,000,000
Net Operating Revenues	\$4,000,000
Taxes	375,000
Operating Income	\$3,625,000
Outside Operations	50,000
Other Income	150,000
Total Income	\$3,825,000
Deductions from Income on Fixed Charges:	
Interest	\$1,500,000
Rentals	75,000
Sinking Fund, Exchange, etc.	25,000
Hire of Equipment	25,000
	\$1,625,000
Net Income	\$2,200,000
Dividends	1,000,000
Additions and Betterments	700,000
Surplus	\$500,000

For the sake of uniformity the general accounts as given in the statements of Income Accounts in this book are arranged in order and styled as explained on the following page.

ACCOUNTS PRESCRIBED BY INTER-
STATE COMMERCE COMMISSION.

TERMS USED IN THIS BOOK.

Operating Revenues,
Operating Expenses,
Net Operating Revenues,
Taxes,

Operating Income,
Outside Operations,

Other Income,
Total Income,
Deductions from Income,
or Fixed Charges,
(Under this heading is included
"Hire of Equipment,")

Net Income.

*Gross Earnings,
Operating Expenses,
Net Earnings,
Taxes are included in Fixed
Charges and the amount
thereof specified,
Not used (see under taxes),
Included under Other Income and
usually specified,
Other Income,
Total Net Income,
Fixed Charges,
(Under this heading are includ-
ed "Hire of Equipment" and
"Taxes," both amounts speci-
fied.)*

Surplus.

To any one at all familiar with railroad reports each of the above items is self-explanatory. In ascertaining the earning power or the ability of a road to pay interest and dividends, the most important item of the income account to be considered is the Operating Expenses.

CHAPTER II

OPERATING EXPENSES

(Note : Attention is particularly invited to the Introductory Comment (page 11) where reference is made to the recently enacted amendments of the Act to Regulate Commerce as far as these relate to the new methods of accounting which went into effect July 1st, 1907.)

The operating expenses of almost all the railroads in the United States are classified according to rules prescribed by the Interstate Commerce Commission. The primary accounts are all embodied under five general accounts, as follows :

1. Maintenance of Way and Structures.
2. Maintenance of Equipment.
3. Traffic Expenses (*a new account*).
4. Transportation Expenses.
5. General Expenses.

1. Under Maintenance of Way and Structures fall expenses for the repairs and renewals of machinery and tools, for repairs of roadway and track, for ballasting, for repairs and renewals of switches, frogs, ties, fences, bridges, culverts, stations, shops, buildings, etc.

2. Under Maintenance of Equipment fall expenses for the repairs and renewals of locomotives, passenger cars, freight and other cars and of steamboats and for the maintenance of shop machinery, etc.

3. Under Traffic Expenses fall wages of officers directly in charge of traffic, freight, passenger, baggage and other agents, expenses of outside agencies, advertising, fast freight lines, etc.

4. Under Transportation Expenses fall wages of station employees, clerks, yardmen, flagmen, watchmen, enginemen and trainmen, expenses for telegraph and station service, cost of fuel and supplies for locomotives, expenses for water supply, loss and damage, etc.

5. Under General Expenses fall salaries of general officers and office clerks, expenses for legal service, insurance, etc.

It appears at once from the nature of the expenses which fall under these headings that the amount of the expenditures under one (1) and two (2) is, to a considerable degree, subject to the direction of, and other things being equal, reflects the conservatism or lack of conservatism in the road's management. On the other hand, under three (3), four (4) and five (5), fall expenditures which are wholly obligatory in that while they fluctuate each year with the volume of business, train mileage, etc., they are outlays which are altogether incident to the present conduct of the road's traffic.

It should be noted that in the Operating Expenses of the various companies comprising the New York Central System, of the National Rys. of Mexico, and of a few other companies the subdivisions (3) and (4) are not used, the expenses being grouped under Conducting Transportation, as in former years.

These subdivisions of the operating expenses may then be divided into two classes:

A. Maintenance Expenses.

B. Traffic, Transportation and General Expenses.

CHAPTER III

A

MAINTENANCE EXPENSES.

(Note: Attention is particularly invited to the Introductory Comment (page 11) where reference is made to the recently enacted amendments of the Act to Regulate Commerce so far as these relate to the new methods of accounting which went into effect July 1st, 1907. The uncertainty which exists as to the exact effect which the new system, when in full operation, will have on the statements of the railroads renders it undesirable that any changes be made in the text of the following chapter which is taken practically without change from previous additions of this book.)

There are many railroads in the United States whose maintenance outlays have been, and are, clearly inadequate. Many more railroads are found, however, whose maintenance outlays have been heavily surcharged each year. Too often investors are deceived by the general statement in the annual report that "the management is gratified to be able to say to the shareholders that the close of the fiscal year finds the property of the company in as good condition as it was last year." This is not sufficient. Keen competition and the teaching of the numerous reorganizations have forced upon the managers the necessity of charging to income items which were formerly charged, and often might properly be charged, to capital account. So the management should be able to say, in lieu of the above, that the improvement work has so progressed during the fiscal period as to keep the property in all respects abreast of its competitors. There are few roads in the United States which cannot, with earnings as they have averaged in the past several years, fully maintain their property and pay their fixed charges. There are many which cannot do this and, in addition, pay dividends.

Analysis of the yearly expenses for Maintenance of Way and for Maintenance of Equipment will show distinctly whether or not a road is becoming more liberal in that regard.

Comparison of the maintenance expenses of different roads operating under like conditions will tend to establish the relative policy pursued by each.

CHAPTER IV

MAINTENANCE OF WAY

(Note: Attention is particularly invited to the Introductory Comment (page 11) where reference is made to the recently enacted amendments of the Act to Regulate Commerce so far as these relate to the new methods of accounting which went into effect July 1st, 1907. The uncertainty which exists as to the exact effect which the new system, when in full operation, will have on the statements of the railroads renders it undesirable that any changes be made in the text of the following chapter which is taken practically without change from previous editions of this book.)

Taken two roads in good condition, traversing the same territory and meeting with like conditions of traffic, etc., a cursory study as to their maintenance will establish which of the two is following the more conservative policy. The best standard to be followed by the average student of railroad reports is to reduce the Maintenance of Way Expenses to a "per mile" basis. Take the total expenses under this head and divide them by the average number of miles operated for the period under review. A certain amount must be appropriated each year for the maintenance of the roadway and structures, whether the business of the road be large or small. While these expenses must of necessity vary somewhat with the density of traffic, yet it by no means follows that a road with a density of 1,000,000 ton miles per mile of road should spend for Maintenance of Way ten times as much as another road which has a density of but 100,000 ton miles per mile of road. So it cannot be said that a road the gross earnings of which are \$10,000 per mile should spend ten times as much for Maintenance of Way as the road which earns but \$1,000 per mile. It follows that one road may appropriate 25 per cent. of its gross

for a given period for Maintenance of Way and yet not spend so much relatively as the road which so appropriates but 10 per cent. of its gross.

Neither the density of the traffic nor the extent of gross earnings determines the fair requirement for Maintenance of Way. Conditions peculiar to each road will mar the comparison between the amounts per mile expended by different roads. One road has a regular profile, as the Northern Pacific; another traverses a mountainous country, as the Atchison; another obtains its ballast from its own gravel pits, conveniently located; another its ties with advantage; yet another has many and expensive bridges and tunnels to maintain, etc., etc. One road may expend but \$800 per mile for Maintenance of Way and yet better maintain the standard of its property than another road which expends an average of \$1,000 per mile. Some roads have branch lines where it would be wasteful under existing conditions of traffic to expend more than \$500 per mile. The small expenditures on these branch lines would reduce considerably the average outlay for the system, yet it would not follow that this relatively small average outlay was working to the disadvantage of this system with reference to competitive business.

Obviously the road with a considerable mileage of second and third tracks should require a larger expenditure "per mile of road" for Maintenance of Way than the road with few or no additional main tracks. Where the roads to be compared have double tracks, comparison should be made of the Maintenance of Way "per mile of single main track," although it should be borne in mind that it costs more under like conditions to maintain two miles of sin-

gle track than one mile of double track. Another modification arises from the fact that the nature and extent of the business of certain roads necessitate the maintenance of a relatively large percentage of side and passing tracks.

It is safe to say that when a railroad's Maintenance of Way Expenses average below \$800 per mile of road these expenses should receive careful scrutiny by the intending investor. It is commonly said that under present conditions an average expenditure of from \$900 to \$1,100 per mile for Southern and Western roads represents ample maintenance; also that \$1,300 or \$1,400 per mile of single main track is sufficient for average requirements of the trunk lines.

CHAPTER V

MAINTENANCE OF EQUIPMENT.

(Note: Attention is particularly invited to the Introductory Comment (page 11) where reference is made to the recently enacted amendments of the Act to Regulate Commerce so far as these relate to the new methods of accounting which went into effect July 1st, 1907. The uncertainty which exists as to the exact effect which the new system, when in full operation, will have on the statements of the railroads renders it undesirable that any changes be made in the text of the following chapter which is taken practically without change from previous editions of this book.)

Comparison of the Maintenance of Equipment Expenses "per mile of road" avails little. The best basis for testing the sufficiency of these is to ascertain the average amount expended on equipment per unit of service rendered by the equipment; that is, the average outlay per locomotive per mile run, per freight car per mile run and per passenger car per mile run. Maintenance of Equipment depends not alone upon the amount of equipment to be maintained, but also upon the service rendered by the equipment. It stands to reason that the Erie Railroad, for example, with a freight density, as of last year, of 2,603,189 ton miles and a passenger density of 267,734 passenger miles per mile of road, must expend more "per mile of road" for Maintenance of Equipment than the Atchison, with a freight density, as of last year, of 639,119 ton miles, and a passenger density of 113,119 passenger miles per mile of road. The relatively larger volume of business done or work performed by the Erie requires a relatively larger amount of equipment and a greater service to be rendered by its equipment. It will be found that Maintenance of Equipment Expenses have usually a direct relation to the road's freight and passenger density, this relation being affected to a considerable

degree by train and car loading and other essential factors.

An example will tend to establish that equipment maintenance has necessarily no relation to gross earnings. Suppose the tonnage of one road consists altogether of low class freight, as coal or iron ores, and the tonnage of another road wholly of high class freight. Each road earns \$20,000 per mile. The density of the first road's traffic and, as a consequence, the service rendered by its equipment, must be far greater than that of the second road. The business of the one road might be successfully conducted with one-third of the equipment and power required by the other. *Ergo*, an outlay of \$2,000 per mile for equipment maintenance on the road with the low class tonnage might be no greater relatively than an outlay of \$1,000 per mile on the other road.

It may be said that under present conditions about $5\frac{1}{2}$ to $6\frac{1}{2}$ cents per locomotive per mile run, 5 to 7 mills per freight car per mile run and $1\frac{1}{4}$ cents per passenger car per mile run represent fair average annual outlays for equipment maintenance, or that an average of \$2,000 to \$2,500 per annum per locomotive, \$55 to \$65 per annum per freight car and \$600 per annum per passenger car approximate normal maintenance requirements. All this depends much upon the character of equipment required in the service. It usually costs less, for example, to purchase and maintain coal cars and flat cars than box cars and refrigerator cars. No argument is necessary to show that it must cost more per unit to maintain a small equipment than a larger one.

Among other important considerations which bear upon

the cost of maintaining a road's locomotives and cars may be mentioned the location and equipment of its shops.

There are many roads where, although maintenance both for roadway and equipment is clearly surcharged, the extent of the excess of maintenance over normal requirements cannot be taken as present earning power. Take again, for example, the Erie or Atchison as distinct from the Boston and Maine, or the New York, New Haven and Hartford. While the Boston and Maine and the New York, New Haven and Hartford do not usually report a surplus much in excess of dividend requirements, yet the dividends appear secure for the reason that when there comes a bad year, there is, and for years has been, abundant opportunity for curtailment of maintenance expenses. After reorganization, the properties of the Erie and Atchison were turned over to the new managers in a deplorable physical condition. Here the needs were so unusual as to make imperative extraordinary charges to operating expenses for maintenance. The excess of these expenses over normal requirements could be considered only as offering opportunity for future retrenchment. It could in no way be taken as an immediate margin of safety.

Following the rulings of the Interstate Commerce Commission a majority of the railroad companies charged to Maintenance of Equipment during the last fiscal year amounts for depreciation varying from six per cent. to one per cent. and less.

From even a casual examination of the railroad reports for the past fiscal year it is apparent that until the Commission shall specify the exact rate to be charged on account of depreciation of equipment, the desired result for which the law was enacted will not be attained.

CHAPTER VI.

B.

TRAFFIC, TRANSPORTATION AND GENERAL EXPENSES.

As previously suggested, under these subdivisions of the operating expenses fall those expenses which, as distinct from Maintenance of Way and Maintenance of Equipment, must be taken as wholly in the nature of a fixed or obligatory charge. They relate and are incident to the immediate conduct of the road's business, and, like those commonly called "fixed charges"—interest, taxes and rentals—their payment cannot long be delayed. If a road is hard pressed, means may be found whereby the payment of a portion of these expenses can be postponed, but only for a short time. In the discussion as to maintenance expenses it was made clear that those expenses are, under necessity or in the discretion of the management, capable of curtailment. It will be found that the amount per mile of the Transportation Expenses has a general relation to the traffic density. This results from the fact that these expenses depend largely upon the train mileage; engine mileage also is an important factor. As density increases, other things, as trainload and carload, being equal, the train mileage increases.

To the average investor the essential thing to consider is the percentage of gross earnings required for Traffic, Transportation and General Expenses. Where this and the percentage of gross required for fixed charges is given, it is seen what remains for maintenance and divi-

dends. The questions of train and engine mileage, train and car loading, ton and train mile cost and earnings, etc., are of extreme interest and should be carefully dealt with. These will be passed over here in favor of the more vital considerations which reflect all these—the bearing of operating expenses (other than maintenance) upon gross earnings. It is believed that it is not far from the truth to say that for all the railroads in the United States these expenses did not require for the year 1906-7 more than $38\frac{1}{2}$ per cent. of the total gross earnings. These expenses have been larger in proportion to gross earnings during the last two fiscal years.

Traffic and General Expenses have no such relation to traffic density as have the Transportation Expenses. They tend to constancy and vary but little with the amount of business done. These expenses are often relatively greater on a small than on a large road. As Traffic and General Expenses make up but a small part of the operating expenses, and as they partake of the nature of Transportation Expenses, as distinct from Maintenance Expenses, it is right here to class them with the Transportation Expenses.

Where, in the comparison of two roads with like character of business, it is found that these expenses of one require a relatively larger percentage of gross than in the case of the other, it means one or both of two things: either that with relatively like rates for the work performed the one road is not conducting its business with the same degree of economy as the other, or that, with like relative economy in the conduct of its business, the rates received by it for work performed are relatively smaller. In the use here of the word "economy" it is understood that the measure of economy is net results,

To show the significance of this percentage to the investor, consult for example, the records of the Chicago Great Western and the Chicago, Milwaukee and St. Paul. The character of the tonnage of these two roads is very similar. For the year ending June 30, 1909. Traffic, Transportation and General Expenses consumed 51.9 per cent. of the Great Western's gross earnings against 40.4 per cent. for the St. Paul. These expenses have required a very large percentage of the Great Western's gross earnings each year for the last ten years, and their ratio to gross earnings has shown no tendency to become less. When it is remembered that these expenses partake of the nature of a fixed charge upon gross, the full significance is apparent. Suppose the annual interest, taxes and rentals had required in 1908-9, 20 per cent. of the gross for both the Great Western and the St. Paul. Of the Great Western's gross, then, 71.9 per cent. would have been consumed by these "fixed" charges, leaving 28.1 per cent. for maintenance and dividends. Of the St. Paul's gross, but 60.4 per cent. would have been consumed by "fixed" charges and 39.6 per cent. would have been left for maintenance and dividends. It is clear that the margin of safety for dividends would have been far greater for the St. Paul than for the Great Western. The actual margin of safety for the Great Western was less than as given above, because interest, taxes and rentals required 24 per cent. of last year's gross against less than 14 per cent. for the St. Paul.

While the larger percentage of gross required for the Traffic, Transportation and General Expenses in the case of one road reflects what has been called "relatively less economy" in operation, yet this by no means implies

a relative lack of efficiency in the management. A railroad might be operated with the highest degree of efficiency, yet the average rates received, and consequently the gross earnings, might be so small as to make these expenses bear a very high ratio to the gross.

When rates, trainloads, etc., tend to constancy, the ratio of Transportation Expenses varies inversely with gross earnings.

It is shown in what follows that the margin for maintenance and dividends may be greater on the road with large gross earnings per mile, where Traffic, Transportation and General Expenses require, say, 42 per cent. of the gross, than on the road with small gross earnings per mile, where Traffic, Transportation and General Expenses require but 35 per cent. of the gross. For the first road 20 per cent. of the gross might be ample for maintenance, while 35 per cent. of its gross might be an insufficient allowance for the second road. The fact remains after all, that, other things being equal, where these expenses are relatively larger, the margin of safety is relatively less.

CHAPTER VII

THE OPERATING RATIO

What has gone before leads naturally to the discussion of the Operating Ratio in its bearing upon this question of earning power. It is with great difficulty that many investors are dissuaded from the belief that the Operating Ratio counts for all. Where a road is reported as operating at 50 per cent. it is not uncommon to hear it said that "it cannot be done." Another road reports operating at 75 per cent., and it is said that because of this high Operating Ratio there is manifestly "abundant opportunity for curtailment in expenses." It may be stated at once that the Operating Ratio, or the ratio which operating expenses bear to gross earnings, has of itself no significance whatsoever. A few examples will tend to establish this fact.

The gross earnings and operating expenses of roads "A," "B," "C," "D," and "E," may be taken as given in the table on page 32. For the sake of argument, it is assumed that it requires for normal maintenance of road and equipment no more "per mile of road" for one of these roads than for another.

THE EARNING POWER

	A 1,000		B 1,000		C 2,000		D 5,000		E 1,000	
	TOTAL	PER MILE	TOTAL	PER MILE	TOTAL	PER MILE	TOTAL	PER MILE	TOTAL	PER MILE
Average mileage owned and operated.....										
Gross Earnings.....	\$10,000,000	\$10,000	\$10,000,000	\$10,000	\$10,000,000	\$5,000	\$10,000,000	\$2,000	\$30,000,000	\$30,000
Maintenance of Way.....	1,250,000	1,250	750,000	750	1,000,000	500	1,500,000	300	3,000,000	3,000
Maintenance of Equipment.....	1,250,000	1,250	750,000	750	1,000,000	500	1,500,000	300	3,000,000	3,000
Ratio of "Maintenance" to Gross.....	25%		15%		20%		30%		20%	
Traffic, Transportation and General.....	3,000,000	3,000	4,500,000	4,500	4,500,000	2,250	4,500,000	900	5,000,000	9,000
Ratio of "Traffic, Transportation & Gen." to Gross.....	30%		45%		45%		45%		30%	
Total Operating Expenses	5,500,000	5,500	6,000,000	6,000	6,500,000	3,250	7,500,000	1,500	15,000,000	15,000
Ratio "Operating Expenses" to Gross.....	55%		60%		65%		75%		50%	
NET EARNINGS.....	4,500,000	4,500	4,000,000	4,000	3,500,000	1,750	2,500,000	400	15,000,000	15,000

It is clear that road "A," operating at 55 per cent., makes more liberal outlay for maintenance than roads "B," "C," and "D," which operate at 60 per cent., 65 per cent., and 75 per cent., respectively. Consequently road "A" has greater room for curtailment in its maintenance. Road "A" includes in its operating expenses sums in excess of normal requirements for maintenance, road "B" spends enough for maintenance, while the expenses of "C" and "D" fall considerably below the average requirements. The \$1,500,000 or 15 per cent. of its gross, expended by road "D" for Maintenance of Way on its 5,000-mile road is, by far a relatively smaller outlay than that of road "A," where \$1,250,000, or but $12\frac{1}{2}$ per cent. of its gross, is so expended on 1,000 miles of road. Now, take road "E." It is seen that while Traffic, Transportation and General Expenses require the same percentage of gross earnings, "E," operating at 50 per cent., spends for maintenance 140 per cent. more than "A," which is operated at 55 per cent. The table explains itself. It is unnecessary to give more examples (many more might be given) to show that the Operating Ratio of itself is of no significance. Wherever it may have significance it will be found to be wholly the result of accident.

Were it not for the diverse conditions which affect peculiarly the question of maintenance in each individual road, it might be possible to arrive at certain definite rules as to the percentage of gross required for maintenance of different classes of railroads. (One rule would suggest itself: that for average maintenance requirements for Southern and Western roads the gross earnings of which amount to, say, \$6,500 per mile, an annual appropriation of 25 per cent. of the gross would, under present condi-

tions, be ample. Another rule might be found to apply to such roads as the Central of New Jersey, the New York, New Haven and Hartford, etc., to the effect that where gross earnings exceed \$20,000 per mile an appropriation of 18 per cent. to 20 per cent. of gross would be more than sufficient for average maintenance requirements. The mere statement of any "rule" must of necessity be clothed with so many exceptions and modifications as to make one lose sight of the rule itself.

CHAPTER VIII

FIXED CHARGES

Under Fixed Charges fall interest on the funded and floating debt, rentals of leased lines embracing guaranteed dividends, etc., taxes and, in some cases, sinking-fund payments. (The Interstate Commerce Commission has directed that, beginning July 1, 1907, taxes are to be deducted from operating income and not included either in Fixed Charges or in Operating Expenses. In this book taxes are included in Fixed Charges.) The investor should examine the annual report carefully to ascertain whether or not the full interest on all the bonds outstanding at the close of the fiscal period has been charged in the Income Account for the period under review. Another important suggestion which may be made here is that the investor look to ascertain what opportunity there may be attaching to this or that road for future saving in interest charges through refunding. The Chicago, Rock Island and Pacific, for example, has little opportunity for future refunding. The Chicago, Burlington and Quincy, the Chicago and Northwestern and the Chicago, Milwaukee and St. Paul may each, through the refunding in the next ten years of high rate interest bearing bonds, save a considerable amount each year in interest charges.

Very few roads are required to-day to set aside each year from earnings specific amounts for sinking fund purposes. The Chicago, Burlington and Quincy's annual appropriation for sinking funds is, it is believed, relatively larger than that of any other railroad in this country, excepting where annual payments are made in the retirement of short

time serial bonds, such as the Atchison, Topeka and Santa Fe Railway debentures, Pennsylvania Company 3½ per cent. trust certificates and the Chicago, Rock Island and Pacific Railway collateral trust bonds. In the latter cases the sinking fund charges are not included in fixed charges. For the year ending June 30, 1909, the sinking fund payments of the Chicago, Burlington and Quincy, including interest on bonds held alive in the sinking funds, amounted to over \$1,100,000. As such appropriations are in their nature extraordinary, and are used for the retirement of obligations of the company, they must be given due weight in the comparison of the respective earning power of different roads.

As there is of itself little significance in the comparison of the average trainloads or average train miles, and as there is of itself no significance in the comparison of the Operating Ratio of different roads, so, from the investor's standpoint, there is necessarily no significance to be attached to the fact that one road has a bonded debt of \$30,000 per mile, while the bonds outstanding on another road amount to but \$15,000 per mile. Likewise, the fact alone that the fixed charges of one road amount to \$2,000 per mile of road against \$1,000 per mile on another shows by no means that the bonds of the latter are more secure. (Compare Atlanta and West Point R. R., page 130, and Chicago, Peoria and St. Louis Ry., page 94). The essential consideration here, as in the case of those quasi-fixed charges, Traffic, Transportation and General Expenses, is the ratio which these charges bear to gross earnings and the ability of the road to pay these charges. It stands to reason that the New York Central and Hudson River Railroad, with \$23,500 per mile gross earnings, could more easily provide for the interest on bonds aggregating \$60,000

per mile than could the "Atchison," with \$9,600 per mile gross, provide for interest on a bonded debt of \$30,000 per mile.

It demands no proof to show that fixed charges of \$600 per mile on one road might be a heavier burden on earnings than fixed charges of \$1,000 per mile on another, although in each case the percentage of gross required for these charges is but 20 per cent. Take as gross earnings for the first road \$3,000 per mile, and for the second \$5,000 per mile. Let Traffic, Transportation and General Expenses require 35 per cent. of the gross for each road. Here is 55 per cent. of gross consumed by "fixed" charges in each case. The one road has 45 per cent. of \$3,000 per mile, or \$1,350 per mile for maintenance and surplus; the other has 45 per cent. of \$5,000 per mile, or \$2,250 per mile remaining for maintenance and surplus.

As a rule, where, on the basis of earnings, as they were, say, in 1906-7, the fixed charges of **any** given road **require** less than 22 per cent. of gross income, and where the surplus after the payment of all operating expenses (including liberal outlays for maintenance), amounts to about 20 per cent. of the gross income, the interest on the road's bonds may be considered quite secure. It should be noted that this is not the same as saying that the interest is secure where the fixed charges require 50 per cent. or less of the net income, for the reason that operating expenses (including proper outlay for maintenance) might in one case require 90 per cent. of the gross income against 60 per cent. in another case. The fixed charges in the first case might require but 50 per cent. of the net, or 5 per cent. of the gross income; in the second case they might require, likewise, 50 per cent. of the net, or

20 per cent. of the gross income. Should the gross income show a proportional decrease of, say, 15 per cent. for each road, other things being equal, one road would show a deficit after fixed charges, while the other road would show a surplus. (Compare Cleveland and Marietta, page 100, and Illinois Central, page 110).

The percentage of fixed charges varies in an inverse ratio with gross earnings.

Observe the following tables wherein are given the income accounts of roads "A" and "B," the figures being stated both in full and reduced to a "per mile" basis.

TABLE I.

	A.		B.	
Miles Operated.....	1,000		1,000	
Gross Earnings	\$10,000,000	\$10,000	\$10,000,000	\$10,000
Operating Expenses	6,000,000	6,000	6,000,000	6,000
Net Earnings	4,000,000	4,000	4,000,000	4,000
Fixed Charges	2,000,000	2,000	3,000,000	3,000
Ratio of Fixed Charges to Gross	20%		30%	
Surplus	2,000,000	2,000	1,000,000	1,000
OPERATING EXPENSES.				
Maintenance of Way.....	\$1,250,000	\$1,250	\$1,250,000	\$1,250
Maintenance of Equipment..	1,250,000	1,250	1,250,000	1,250
Ratio of Maintenance to Gross	25%		25%	
Traffic and Transportation..	3,000,000	3,000	3,000,000	3,000
General Expenses	500,000	500	500,000	500
Ratio of Traffic, Transportation and General Expenses to Gross.....	35%		35%	

In the above comparison of the income accounts of roads "A" and "B" the operating expenses are in every respect alike. The fixed charges of road "A" require 20 per cent. of the gross and of road "B" 30 per cent. of the gross. The surplus of "A" amounts to \$2,000,000 and that of "B" to \$1,000,000.

Assume that gross earnings decrease 25 per cent., and that roads "A" and "B" are operated as before at 60 per cent. The income accounts would appear somewhat as follows:

TABLE II.

	A.		B.	
	1,000		1,000	
Miles Operated	1,000		1,000	
Gross Earnings	\$7,500,000	\$7,500	\$7,500,000	\$7,500
Operating Expenses	4,500,000	4,500	4,500,000	4,500
Net Earnings	3,000,000	3,000	3,000,000	3,000
Fixed Charges	2,000,000	2,000	3,000,000	3,000
Ratio of Fixed Charges to Gross.	26.6%		40%	
Surplus	1,000,000	1,000	0,000,000	0,000
OPERATING EXPENSES.				
Maintenance of Way.....	\$950,000	\$950	\$950,000	\$950
Maintenance of Equipment.....	700,000	700	700,000	700
Ratio of Maintenance to Gross..	22%		22%	
Traffic and Transportation.....	2,350,000	2,350	2,350,000	2,350
General Expenses	500,000	500	500,000	500
Ratio of Traffic, Transportation and General Expenses to Gross	38%		38%	

Here Maintenance Expenses are curtailed; Traffic and Transportation Expenses, while requiring a greater percentage of gross, are smaller, due to less business handled; and General Expenses remain the same. The fixed charges remain the same and they require 26.6 per cent. of road "A's" gross and 40 per cent. of road "B's" gross. The percentage of gross required for "B's" fixed charges is 10 per cent. greater than in the example given first above, while the percentage required for "A's" fixed charges is about 6.6 per cent. greater than it was before the earnings decreased. Road "A" shows \$1,000,000 surplus, while "B's" surplus is entirely wiped out.

CHAPTER IX.

STOCK OUTSTANDING IN ITS RELATION TO EARNING POWER.

What has gone before shows that a railroad's earning power cannot be measured by the surplus alone. Analysis of the Maintenance Expenses indicates the integrity of the net earnings, and consequently the integrity of the surplus. Where maintenance is found to be insufficient, the investor knows that earnings must be drawn upon to a greater extent, and that if the gross is not large enough to allow of a greater appropriation, future increases in earnings must be used so far as they may be to bring the maintenance outlay up to fair requirements. Where maintenance is found to be ample or to exceed normal requirements, the investor knows that future increase in earnings may rightly be reflected in a larger surplus.

A comparison of the results of the Missouri, Kansas and Texas and of the St. Louis Southwestern is instructive as illustrating this point. The maintenance expenses of the former road for years prior to 1900-1 were far below normal requirements, while the St. Louis Southwestern for years charged its expenses very fairly. Owing to its large annual fixed charges the Missouri, Kansas and Texas found it impossible to appropriate a greater percentage of its gross for maintenance. For the year 1900-1 both the Missouri, Kansas and Texas and the St. Louis Southwestern showed large increases in earnings. The greater part of the increase of the Missouri, Kansas and Texas was diverted to the maintenance accounts, while the increase in the earnings of the St. Louis Southwestern was for the most part represented

in the net earnings. Many railroads can safely cause a reduction in their maintenance expenses and thus add largely to their surplus; for example, the maintenance expenses, for 1908, of the Delaware, Lackawanna and Western, and of the Pittsburgh and Lake Erie were far above the necessary requirements.

It has been demonstrated also in the foregoing chapters that where Traffic, Transportation and General Expenses or fixed charges are a relatively heavy burden on gross earnings, the margin of safety represented in the surplus is relatively small. For exactly those reasons that make greater or less the margin of safety represented in a road's surplus, it follows that the margin of safety for dividends for one road which earns 10 per cent. on its capital stock is necessarily by no means so great as that for another road which also earns 10 per cent. on its stock.

The capital stock of road "A," the Income Account of which was given on page 38 (Table I.), is, let us say, \$20,000,000 and that of "B," \$10,000,000. While each road earned 10 per cent. on its stock, yet it is shown in Table II., page 39, that with like decreases in gross earnings, "A" earned 5 per cent. on its stock and "B" earned nothing at all. So the amount earned on the stock of one road might equal 15 per cent., and yet the margin of safety might not be so great as in the case of another road where but 10 per cent. was earned.

An earning power of 10 per cent. on Minneapolis, St. Paul and Sault Ste. Marie preferred stock, or an earning power of 10 per cent. on Mobile and Ohio stock, or on Evansville and Terre Haute preferred, means far less as to the margin of safety for dividends than does an earning power of 10 per cent. on Illinois Central stock, Chicago,

Burlington and Quincy stock or Louisville and Nashville stock.

In any comparison of the earning power of two roads, it is important to note, in connection with other essential facts, what percentage of the gross earnings is required to pay one per cent. on the stock of each.

The capital stock of the New York, Ontario and Western, which operates about 550 miles of road, is about as large as that of the Chesapeake and Ohio, which operates 1,897 miles of road. The gross earnings of these roads were approximately, \$15,000 and \$14,000 per mile, respectively for the year ending June 30, 1909. Inasmuch as the total gross earnings of the New York, Ontario and Western for that year did not equal 14 per cent. on its capital stock, it must be a long time before of itself the earning power of the road will warrant a high price for the stock.

That the rate of dividends paid on a road's stock does not determine the value of that stock is evidenced as well by the market value of such stocks as "Lake Shore" and "Lackawanna" as by the recent market value of such a stock as St. Louis and San Francisco second preferred. The value of a stock is usually determined by the earning power or the ability of the road to pay dividends. This earning power is determined not only by the margin of safety represented in the surplus, but also by the stability or lack of stability of the gross earnings. The character of the tonnage and the natural resources and development of the territory traversed are to be considered in their bearing upon the stability of the road's traffic.

Certainly the earnings for any one year cannot be taken as demonstrating a road's ability to pay its interest or to pay dividends. The investor must consider the course of

earnings for a series of years as well as the prospects for the future. He must recall, when comparing the earning capacity of Illinois Central with that of Louisville and Nashville, that while each of these roads may be earning 10 per cent. on its present outstanding capital stock, the capital stock of Illinois Central includes about \$50,000,000 stock sold in the last few years at par, the proceeds from the sale of which were used for improvements. The present outstanding stock of Louisville and Nashville includes but \$5,000,000 stock so sold for improvement work. Over one-half of the outstanding capital stock of the Pennsylvania Railroad has been sold for cash during the past few years at considerably above its par value, and over two-thirds of the outstanding common stock of the Baltimore and Ohio has been sold at par. The Chicago, Milwaukee and St. Paul, Great Northern, Canadian Pacific, Northern Pacific, Southern Pacific, and many other companies have secured large sums for improvements, etc., by the sale of capital stock.

Finally, it must be said (as has been suggested in what has gone before) that absolute knowledge concerning the value of railroad securities can be gained only by a careful and personal examination of the physical condition of each property, as well as of the traffic relations and advantages and the conditions attaching to the same. In this way knowledge may be gained as to the opportunities presented in each case, both for the better handling of business already secured and for the securing of new business.

CHAPTER X

GUARANTEES AND THEIR RELATION TO SURPLUS AVAILABLE
FOR DIVIDENDS

The many consolidations and leases made by railroads in the last few years emphasize yet another consideration, already referred to, which has an important bearing upon the margin of safety represented by the surplus earnings. On the following page are given the income accounts of six railroads (Roads "A," "B," "C," "D," "E," "F"). These income accounts are shown for three distinct periods representing three different conditions of affairs which will here be explained. Each of the roads has a capital stock of \$200,000, and each earned, as shown in the income account (Schedule I.), 10 per cent. on its capital. Road "A," being desirous of extending its sphere of influence or of protecting its existing traffic, arranges for the lease of the other five roads, the rental being in each case 9 per cent. on the capital stock.

The income accounts (Schedule II.) show the result of these leases to the parent road "A" in a prosperous year, when gross earnings were as large as are shown in the income accounts first given (Schedule I.). When road "A" was operated alone 10 per cent. was earned on its capital stock. Its equity in the surplus earnings of the leased lines in the year following the making of the leases was such as to show 5 per cent. additional earned on its original issue of \$200,000 of stock.

SCHEDULE I.		A	B	C	D	E	F
Gross Earnings...		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Charges		80,000	80,000	80,000	80,000	80,000	80,000
Surplus		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
SCHEDULE II.		A	B	C	D	E	F
Gross Earnings...		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Charges		80,000	80,000	80,000	80,000	80,000	80,000
Net		\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Guarantees		00,000	18,000	18,000	18,000	18,000	18,000
Surplus		\$20,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
SCHEDULE III.		A	B	C	D	E	F
Gross Earnings...		\$95,000	\$95,000	\$95,000	\$95,000	\$95,000	\$95,000
Charges		80,000	80,000	80,000	80,000	80,000	80,000
Net		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Guarantees		00,000	18,000	18,000	18,000	18,000	18,000
Surplus		\$15,000 Df.	\$3,000 Df.	\$3,000 Df.	\$3,000 Df.	\$3,000 Df.	\$3,000 Df.

Income accounts (Schedule III.) show gross earnings of roads reduced. The charges against earnings remain the same. Road "A" earned, of itself, \$15,000 or $7\frac{1}{2}$ per cent. on its stock, but owing to the guarantee of dividends on the other five roads the deficit of each of these roads amounted to \$3,000. Inasmuch as these losses fall upon road "A" and are suffered by that road's capital stock, it appears that as against 15 per cent. earned upon road "A's" stock in the previous year nothing is earned in the year of smaller earnings.

Had road "A" not assumed obligations to the stockholders of the other roads its surplus earnings in the prosperous year would have equalled but 10 per cent. on its stock against 15 per cent. On the other hand, in the year of smaller earnings the road would have earned $7\frac{1}{2}$ per cent. on its stock instead of earning nothing at all.

There will be found in the perusal of the income accounts given in this book several examples showing results somewhat on the lines as indicated above.

CHAPTER XI

TABLES

Following there are given tables showing, so far as it is possible, for one hundred and forty railroads in the United States, Canada, Mexico and Cuba:

1. The Average Mileage Operated, the Gross Earnings and the Surplus for a series of years. Where the road has been reorganized, the figures given are, excepting where stated to the contrary, those of the reorganized property.

Wherever an appropriation of an extraordinary nature (for equipment, betterments or additions) has been deducted from the net earnings as reported by any road, such an appropriation is considered as having been deducted from the surplus earnings. All interest paid on Income Bonds and all dividends paid on stock are also considered as having been appropriated from the surplus earnings.

2. The total Capital Stock and Bonds outstanding and the Stock and Bonds "per mile of road operated."

The Capital Stock and Bonds are stated as they are given in the general balance sheet of the different companies. It must be stated that many railroads do not include in their balance sheet the bonds and stocks of auxiliary and leased companies on which interest and dividends are guaranteed. The New York Central and Hudson River, for example, does not show in its balance sheet the bonds and guaranteed stock of the Rome, Watertown and Ogdensburg and other leased roads, while in the case of the St. Louis and San Francisco the general balance sheet shows among the lia-

bilities, outstanding securities of auxiliary and leased companies. In the final analysis, however, so far as the stockholder is concerned, the result as to margin for dividends is not changed by this different method of bookkeeping, for whether or not the balance sheet shows these obligations, the interest and guaranteed dividends must be paid each year before the stockholder may receive dividends. It is because of this lack of uniformity that the fixed charges cannot be reckoned even approximately from the statement of the company's bonds as shown in the balance sheet. The item of "rentals" in the "fixed charges" is often many times greater than the item "interest on company's bonds." Therefore in the statistical pages which follow, the amounts included in the fixed charges as "rentals paid" are stated immediately after the statement of capitalization.

Under Capital Stock are included all Income Bonds outstanding. In the statements of capitalization there is given under Capital Stock the amount outstanding at the close of the last fiscal year for which an official report has been issued.

Under Bonds there is given, in each of the tables, the amount of bonds outstanding at the close of the last fiscal year for which an official report has been issued. Bonds outstanding include in most cases bonds held alive in Sinking Funds and bonds held among Treasury Assets.

The Bonds and Capital Stock are given "per mile of road operated," as it is believed that general comparisons can be made more readily on that basis than is possible where the capitalization is reduced to a basis "per mile of road owned."

3. The Income Account for the last fiscal year for which an official report has been issued. Included in Other Income are all dividends on stocks owned, interest on bonds

owned, rentals received, profits of water lines, etc., and, except where stated to the contrary, profits of coal companies.

Under Fixed Charges are included interest on funded and floating debt, rentals, taxes, sinking-fund payments, etc. The amounts paid for rentals and included in Fixed Charges are stated, as are the amounts paid on account of sinking funds.

4. The Operating Expenses are stated, subdivided as follows: (a) Maintenance of Way; (b) Maintenance of Equipment; (c) Traffic Expenses; (d) Transportation Expenses, and (e) General Expenses. As in the table showing the earnings and disbursements, these expenses are given reduced to a "per mile" basis. The ratio which the operating expenses bear to the gross earnings for the year given is also stated.

5. The proportion of the Gross *Income* represented in (a) Maintenance Expenses, (b) Traffic, Transportation and General Expenses, (c) Fixed Charges and (d) Surplus.

6. The "ton miles per mile of road" and the "passenger miles per mile of road." In arriving at these figures an effort has been made to disregard the tons of company's freight carried.

7. The miles of second and additional main tracks, and the miles of yards and sidings.

In conclusion it may be said that an earnest effort has been made in the compilation of the following tables to arrange the same so that trustworthy comparisons may be made respecting the earning power of the different roads.

COMMENT.

The following pages are devoted, firstly (pp. 52 to 191, inclusive), to the presentation in table form of important statistics, showing the range of earnings of the railroads over a series of years, their capitalization, income accounts etc., as described in Chapter XI, and secondly (p. 192 and following), to the Notes, wherein are given other important facts concerning the capitalization, the dividends, the appropriations for improvements, the securities and lands owned, the character of the rails used, etc.

It is important that reference be made to the Notes in connection with the use of the statistical Tables, for not only do the Notes serve to illustrate and supplement the facts given in the Tables, but also in many instances they contain facts which are essential to the proper understanding of the figures given in the Tables. For examples, the bonds and stock outstanding of the New York Central & Hudson River R. R. and of the Pennsylvania R. R. include large amounts issued for the purpose of acquiring securities of other railroads, operated separately; the Notes show that the New York Central & Hudson River R. R. owns practically all the capital stock of the Lake Shore & Michigan Southern Ry., the Michigan Central R. R., etc., and that the Pennsylvania R. R. owns all the capital stock of the Pennsylvania Co. and practically all the stock of the Philadelphia, Baltimore & Washington R. R., etc. By reference, therefore, to the Notes, information is found which, used in connection with the Tables giving the income accounts of these controlled railroads, will show the

extent of the equities which the controlling railroads possess in the undivided surplus earnings of the proprietary railroads.

The fact that, in the last few years, large purchases have been made by many of the railroads of the securities of other railroads is alone sufficient to emphasize the importance which the proprietorship of these securities has as a factor in determining the investment value of the stocks and bonds, not only of the controlling railroads, but also of the controlled railroads themselves. *As the facts regarding the ownership of securities as well as other equally important matters are given in the Notes, the Notes should be used concurrently with the statistical Tables.*

THE EARNING POWER

BANGOR & AROOSTOOK R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	284	\$699,662	\$27,197	1902-3	401	\$1,860,168	\$148,375
1896-7	306	754,781	18,957	1903-4	428	2,015,356	196,344
1897-8	313	774,207	31,982	1904-5	428	2,159,072	230,999
1898-9	321	929,254	48,867	1905-6	455	2,496,547	299,773
1899-0	364	1,230,423	132,141	1906-7	482	3,221,696	296,291
1900-1	370	1,449,454	129,608	1907-8	501	2,844,082	106,919
1901-2	371	1,708,937	172,973	1908-9	515	*2,916,815	143,475

*Includes \$98,371 received from Hire of Equipment.

STOCK OUTSTANDING

June 30, 1909

Common..... \$2,510,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....\$18,535,000
Equipment 1,470,000

CAPITALIZATION

	Total	Per Mile
Stock	\$2,510,000	\$4,874
Bonds	20,005,000	38,814
Total	22,515,000	43,718

Fixed Charges below include \$1,795 Dining Car Deficit.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 515.

	Total	Per Mile
Gross Earnings	\$2,916,815	\$5,664
Operating Expenses	1,789,165	3,474
Net Earnings	1,127,650	2,190
Total Net Income.....	1,127,650	2,190
Fixed Charges (including for Taxes, \$17,920)....	984,175	1,911
Surplus	143,475	279

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$482,706	\$937
Maintenance of Equipment.....	324,313	630
Traffic Expenses	33,847	66
Transportation Expenses	824,169	1,600
General Expenses	124,130	241

Ratio of Operating Expenses to Gross Earnings, 61.3 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	27.7%	24.6%	27.8%	23.9%	24.9%	23.7%
For Traffic, Transportation and General Expenses.....	33.7%	38.7%	38.4%	37.5%	38.6%	38.8%
For Fixed Charges.....	33.7%	32.0%	24.6%	26.5%	25.8%	27.8%
For Surplus	4.9%	3.8%	9.2%	12.1%	10.7%	9.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	352,384	319,360	408,165	321,285
Passenger miles per mile of road	46,149	50,091	53,260	48,178
Miles, second and additional main track	31	31	.....	.....
Miles, yards and sidings.....	158	157	144	119

See Notes, page 192.

BOSTON & MAINE R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1898-9	1,715	\$19,890,607	\$1,279,415	1904-5	2,288	\$36,017,074	\$1,883,572
1899-0	1,752	22,148,602	1,687,321	1905-6	2,287	38,962,437	2,051,920
1900-1	2,257	30,406,907	1,690,413	1906-7	2,288	40,879,653	2,599,196
1901-2	2,265	31,606,322	1,786,726	1907-8	*2,242	38,990,749	751,496
1902-3	2,280	33,537,491	1,793,908	1908-9	*2,243	39,528,698	2,387,603
1903-4	2,285	34,705,230	1,849,456				

*Does not include 46 miles operated by electricity.

STOCK OUTSTANDING

June 30, 1909

Common.....\$28,271,791

Preferred (6%).....3,149,800

Per mile of road operated, \$14,009.

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....\$42,073,000

*Includes \$11,700,000 4½ per cent. bonds issued April 1, 1909.

\$11,053,000 Notes Payable outstanding June 30, 1908, were paid off.

The Boston & Maine R. R. paid in 1908-9 \$5,275,057 in rentals (included in Fixed Charges below). Fixed Charges below include \$626,423 for Hire of Equipment and \$28,785 Sinking Fund payment.

\$940,992 account of purchase of New Equipment is included in Operating Expenses below under Maintenance of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 2,243.

	Total	Per Mile
Gross Earnings	\$39,528,698	\$17,623
Operating Expenses	28,263,855	12,601
Net Earnings	11,264,843	5,022
Other Income	702,314	313
Total Net Income.....	11,967,157	5,335
Fixed Charges (including for Taxes, \$1,789,933)...	9,579,554	4,271
*Surplus	2,387,603	1,064

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$4,251,566	\$1,895
Maintenance of Equipment.....	4,730,779	2,109
Traffic Expenses	516,417	230
Transportation Expenses	17,800,498	7,936
General Expenses	964,595	430

Ratio of Operating Expenses to Gross Earnings, 71.5 per cent.

*This Surplus before deducting \$41,009 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	22.3%	23.9%	22.0%	24.6%	23.6%	21.1%
For Traffic, Transportation and General Expenses.....	48.0%	49.9%	52.0%	49.1%	48.7%	50.1%
For Fixed Charges.....	23.8%	24.3%	19.8%	21.1%	22.6%	23.7%
For Surplus	5.9%	1.9%	6.2%	5.2%	5.1%	5.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	947,347	960,119	1,003,921	879,099
Passenger miles per mile of road	353,289	352,723	333,268	323,546
Miles, second and additional main track	565	560	522	521
Miles, yards and sidings.....	1,300	1,303	1,274	1,249

See Notes, page 193.

THE EARNING POWER

CENTRAL VERMONT RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	511	\$3,217,518	\$305,309	1903-4	531	\$3,524,291	\$2,645
1898-9	511	3,151,719	336,103	1904-5	531	3,557,776	3,669
1899-0	511	3,282,724	128,851	1905-6	536	3,836,976	4,516
1900-1	513	3,262,134	2,804	1906-7	536	3,833,088	1,813
1901-2	531	3,406,432	3,099	1907-8	536	3,740,760	3,553
1902-3	531	3,636,382	3,562	1908-9	536	3,795,332	3,117

STOCK OUTSTANDING

June 30, 1909

Common..... \$3,000,000

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....\$11,500,000

Equipment 733,000

*Does not include \$500,000 bonds held in reserve for Improvements.

On June 30, 1909, the balance sheet showed Notes Payable \$535,000.

CAPITALIZATION

	Total	Per Mile
Stock	\$3,000,000	\$5,597
Bonds	12,233,000	22,823
Total	15,233,000	28,420

Fixed Charges below include \$96,707 debit balance Hire of Equipment and \$11,488 net debit from Rentals, etc.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 536.

	Total	Per Mile
Gross Earnings	\$3,795,332	\$7,081
Operating Expenses	2,883,624	5,380
Net Earnings	911,708	1,701
Other Income	32,109	60
Total Net Income.....	943,817	1,761
Fixed Charges (including for Taxes, \$119,478)....	940,700	1,755
Surplus	3,117	6

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$497,544	\$928
Maintenance of Equipment.....	469,088	875
Traffic Expenses	98,372	184
Transportation Expenses	1,724,268	3,217
General Expenses	94,352	176

Ratio of Operating Expenses to Gross Earnings, 76.0 per cent.

Operating Expenses include \$30,275 account of Improvements and Extraordinary Expenses, against \$126,113 for 1907-8.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	25.2%	27.3%	25.4%	28.4%	24.6%	21.4%
For Traffic, Transportation and General Expenses.....	50.1%	50.8%	53.6%	50.7%	53.6%	56.9%
For Fixed Charges	24.6%	21.8%	20.9%	20.7%	21.7%	21.6%
For Surplus	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	541.247	450.286	491.963	522.521
Passenger miles per mile of road	88,100	91,926	90,782	84,817
Miles, second and additional main track	6	6	6	6
Miles, yards and sidings.....	160	159	159	153

See Notes, page 196.

MAINE CENTRAL R. R.

Year	Avg. Miles Oper.	Gross	Year	Avg. Miles Oper.	Gross
1898-9	816	\$5,022,097	1904-5	816	\$7,099,219
1899-0	816	5,612,924	1905-6	816	7,655,655
1900-1	816	5,868,547	1906-7	845	8,200,630
1901-2	816	6,194,304	1907-8	*931	8,514,256
1902-3	816	6,541,160	1908-9	*932	8,337,723
1903-4	816	6,773,560			

*Includes Portland & Rumford Falls Ry., leased in May, 1907.

STOCK OUTSTANDING

June 30, 1909

Common..... \$4,995,700

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....\$11,892,192

Notes due 1914 (4%).. 2,000,000

CAPITALIZATION

	Total	Per Mile
Stock	\$4,995,700	\$5,360
Bonds	13,892,192	14,906
Total	18,887,892	20,266

The Maine Central R. R. paid in 1908-9 \$900,619 in rentals (included in Fixed Charges below).

Fixed Charges below include \$13,440 paid account of Sinking Fund and \$76,423 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 932.

	Total	Per Mile
Gross Earnings	\$8,337,723	\$8,946
Operating Expenses	5,779,278	6,201
Net Earnings	2,558,445	2,745
Other Income	87,988	95
Total Net Income.....	2,646,433	2,840
Fixed Charges (including for Taxes, \$376,996)....	2,032,584	2,181
*Surplus	613,849	659

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$1,231,551	\$1,321
Maintenance of Equipment.....	1,180,584	1,267
Traffic Expenses	90,696	97
Transportation Expenses	3,005,267	3,225
General Expenses	271,180	291

Ratio of Operating Expenses to Gross Earnings, 69.3 per cent.

*This Surplus before deducting \$113,733 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1904-5	1903-4
For Maintenance Expenses.....	28.6%	29.0%	27.5%	38.7%	27.9%
For Traffic, Transportation and General Expenses.....	40.0%	40.0%	39.6%	37.8%	38.5%
For Fixed Charges.....	24.1%	24.0%	18.3%	18.4%	21.6%
For Surplus	7.3%	7.0%	14.6%	5.1%	12.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	539,646	514,598	580,308	549,611
Passenger miles per mile of road	146,273	148,692	157,360	153,562
Miles, second and additional main track	52	52	50	45
Miles, yards and sidings.....	327	316	318	288

• See Notes, page 196.

NEW YORK, NEW HAVEN & HARTFORD R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1905-6	2,062	\$52,884,322	\$10,186,377	1907-8	2,047	\$53,050,147	\$5,206,500
1906-7	2,060	55,601,936	8,853,042	1908-9	*2,044	54,347,631	7,430,229

*Does not include street railways.

STOCK OUTSTANDING

June 30, 1909

*Common.....	\$100,000,000
Per mile of road operated	\$48,924

†BONDS OUTSTANDING

June 30, 1909

Debentures including those of Merged Roads assumed....	\$175,898,575
Bonds including those of Merged Roads assumed	58,961,000

* Does not include \$21,878,100 N. Y., N. H. & H. R. R. stock held in Treasury. See Notes regarding \$50,000,000 new stock issue.

† Includes debentures and bonds of all railroads, steamship companies, electric, urban and interurban lines, lighting and water supply companies controlled in the interest of the N. Y., N. H. & H. R. R. through the ownership of all or a majority of their stocks, excepting any N. Y., Ontario & Western Rv. and Central New England Rv.

Fixed Charges below include interest on all debentures and bonds of Street Railway Lines and Steamship Lines. The net earnings of such lines are included in Other Income below. Rentals of all leased lines amounted to \$2,355,291. Other rentals amounted to \$1,978,281. There is also included \$460,430 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 2,044.	Total	Per Mile
Gross Earnings	\$54,347,631	\$26,589
Operating Expenses	36,080,307	17,652
Net Earnings	18,267,324	8,937
Other Income	9,452,111	4,624
Total Net Income.....	27,719,435	13,561
Fixed Charges (including for Taxes, \$3,446,126) ..	20,289,206	9,926
Surplus	7,430,229	3,635

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$6,130,606	\$2,990
Maintenance of Equipment.....	5,906,357	2,890
Traffic Expenses	309,000	151
Transportation Expenses	22,401,376	11,004
General Expenses	1,242,968	608

Ratio of Operating Expenses to Gross Earnings, 66.4 per cent.

Other income above includes \$1,214,007 Net Income from outside operations and \$1,238,104 Net Earnings of the Connecticut St. Traction Lines, et al. The marked change in the ratios given next below is due to the fact that prior to 1906 the interest on the debt of Street Railway Lines and Steamship Lines was not included in N. Y., N. H. & H. R. R. Fixed Charges; such interest was deducted from net earnings of these lines and only the amount of dividends paid on these lines' stocks was credited to Other Income.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	18.9%	21.0%	18.0%	20.4%	20.0%	20.7%
For Traffic, Transportation and General Expenses....	37.7%	41.3%	43.2%	43.4%	50.0%	50.8%
For Fixed Charges.....	31.8%	29.1%	24.5%	17.7%	16.9%	16.1%
For Surplus	11.6%	8.6%	14.3%	18.5%	13.1%	12.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	916,056	873,308	935,761	915,909
Passenger miles per mile of road	685,740	683,784	665,785	608,926
Miles, second, etc., main track	1,011	967	941	922
Miles, yards and sidings.....	1,360	1,319	1,309	1,275

See Notes, page 197

RUTLAND R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1898-9	135	\$803,520	\$152,388	1903-4	415	\$2,414,452	\$114,602
1899-0	297	1,837,155	347,834	1905	*468	2,562,088	190,847
1900-1	336	1,862,236	201,369	1906	*468	2,799,210	179,625
1901-2	416	2,134,382	263,414	1907	*468	3,058,087	186,492
1902-3	415	2,376,563	97,707	1908	*468	2,744,240	92,486

*Includes 53 miles operated under trackage rights for passenger trains only.

STOCK OUTSTANDING

Dec. 31, 1908	
Common.....	\$199,400
Preferred	9,057,600

The balance sheet of December 31, 1908, showed Notes Payable, \$363,819.

BONDS OUTSTANDING

Dec. 31, 1908	
Fixed Interest.....	\$10,750,000
Equipment.....	687,000

CAPITALIZATION

	Total	Per Mile
Stocks	\$9,257,000	\$19,780
Bonds	11,437,000	24,438
Total	20,694,000	44,218

The Rutland R. R. paid in 1908 \$19,000 in rentals (included in Fixed Charges below). Fixed Charges below include also \$100,000 paid account of Sinking Fund.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 468.

	Total	Per Mile
Gross Earnings	\$2,744,240	\$5,864
Operating Expenses	1,963,516	4,196
Net Earnings	780,724	1,668
Other Income	45,986	98
Total Net Income	826,710	1,766
Fixed Charges (including for Taxes, \$98,976)....	734,224	1,509
*Surplus	92,486	197

APPROPRIATION OF GROSS INCOME

	Total	Per Mile
Maintenance of Way.....	\$393,358	\$841
Maintenance of Equipment.....	356,610	762
Conducting Transportation	1,120,984	2,395
General Expenses	92,564	198

Ratio of Operating Expenses to Gross Earnings, 71.6 per cent.

*This Surplus before deducting \$20,987 for Extraordinary Expenditures, against \$13,320 so deducted in 1907 and \$29,895 deducted in 1906.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1903-4	1902-3
For Maintenance Expenses.....	26.9%	29.5%	29.2%	27.1%	25.3%	21.4%
For Conducting Transportation and General Expenses.....	43.5%	40.5%	39.2%	38.5%	41.5%	45.2%
For Fixed Charges.....	26.3%	24.0%	25.3%	27.0%	28.5%	29.2%
For Surplus	3.3%	6.0%	6.3%	7.4%	4.7%	4.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	*476,973	*598,343	*513,125	*450,960
Passenger miles per mile of road	†93,870	†95,126	†90,786	†83,354
Miles, yards and sidings.....	108	106	96	94

*Based on total of 415 miles operated for freight service.

†Based on total of 468 miles operated for passenger service.

See Notes, page 204.

ST. JOHNSBURY & LAKE CHAMPLAIN R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Deficit	Year	Oper.	Gross	Deficit
1905-6	131	\$322,673	\$32,957	1907-8	131	\$349,760	\$75,386
1906-7	131	367,996	44,067	1908-9	125	333,581	66,812

STOCK OUTSTANDING

June 30, 1909

Common.....	\$2,452,400
Preferred	1,154,350

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$2,500,000
Notes Payable.....	475,062

CAPITALIZATION

	Total	Per Mile
Stock	\$3,606,750	\$28,854
Bonds	2,975,062	23,800
Total	6,581,812	52,654

The St. Johnsbury & Lake Champlain R. R. paid in 1908-9 \$2,120 in rentals and \$37,985 for Hire of Equipment (both included in Fixed Charges below). Fixed Charges below do not include \$58,600 interest accrued (but not paid) on bonds owned by the Boston & Maine R. R. and Boston & Lowell R. R.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 125.

	Total	Per Mile
Gross Earnings	\$333,581	\$2,669
Operating Expenses	264,842	2,119
Net Earnings	68,739	550
Total Net Income	68,739	550
Fixed Charges (including for Taxes, \$8,578).....	135,551	1,084
Deficit	66,812	534

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$91,375	\$731
Maintenance of Equipment.....	2,766	22
Traffic Expenses	2,714	22
Transportation Expenses	157,757	1,262
General Expenses	10,230	82

Ratio of Operating Expenses to Gross Earnings, 79.4 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7
For Maintenance Expenses	28.2%	35.2%	24.9%
For Traffic, Transportation and General Expenses.....	51.2%	51.0%	63.5%
For Fixed Charges	40.6%	35.4%	23.6%
For Surplus	Deficit	Deficit	Deficit

	1908-9	1907-8	1906-7
Ton miles per mile of road.....	88,847	88,507	102,447
Passenger miles per mile of road.....	31,665	29,966	29,751
Miles, yards and sidings	20	20	21

See Notes, page 204.

SOMERSET RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	42	\$84,281	\$4,519	1902-3	42	\$118,958	\$11,559
1896-7	42	78,688	*788	1903-4	42	124,629	28,461
1897-8	42	67,134	*3,656	1904-5	45	127,418	25,734
1898-9	42	80,195	10,356	1905-6	58	171,588	43,293
1899-0	42	103,908	16,090	1906-7	72	199,860	1,621
1900-1	42	109,123	12,660	1907-8	94	269,138	*107,781
1901-2	42	134,069	15,820	1908-9	94	270,944	*194,521

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common..... \$736,649

BONDS OUTSTANDING

June 30, 1909

Fixed Interest..... \$1,261,500
Notes (5%) due 1911.. 1,500,000

CAPITALIZATION

	Total	Per Mile
Stock	\$736,649	\$7,837
Bonds	2,761,500	29,377
Total	3,498,149	37,214

Fixed Charges below include \$123 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 94.

	Total	Per Mile
Gross Earnings	\$270,944	\$2,882
Operating Expenses	237,926	2,531
Net Earnings	33,018	351
Other Income	1,695	18
Total Net Income.....	34,713	369
Fixed Charges (including for Taxes, \$1,259).....	129,234	1,375
Deficit	94,521	1,006

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$74,039	\$788
Maintenance of Equipment.....	52,690	560
Traffic Expenses	1,602	17
Transportation Expenses	102,060	1,086
General Expenses	7,535	80

Ratio of Operating Expenses to Gross Earnings, 87.8 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	46.5%	51.5%	24.0%	25.9%	21.4%	25.3%
For Traffic, Transportation and General Expenses....	40.8%	40.0%	47.6%	30.6%	36.9%	34.1%
For Fixed Charges.....	47.4%	46.5%	27.6%	18.3%	21.5%	17.7%
For Surplus	Deficit	Deficit	0.8%	25.2%	20.2%	22.9%
			100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	70,709	78,152	78,230	68,302
Passenger miles per mile of road	34,004	33,428	26,147	29,376
Miles, yards and sidings.....		17	17	8

See Notes, page 205.

THE EARNING POWER

WASHINGTON COUNTY RY.

Avg. Miles			Avg. Miles				
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1905-6	139	\$417,728	*\$29,908	1907-8	139	\$460,079	\$31,223
1906-7	139	416,775	20,118	1908-9	139	483,733	19,614

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common..... \$2,500,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest..... \$2,500,000

CAPITALIZATION

	Total	Per Mile
Stock	\$2,500,000	\$17,986
Bonds	2,500,000	17,986
Total	5,000,000	35.972

The Washington County Ry. paid in 1908-9 \$100 in rentals (included in Fixed Charges below). Fixed Charges below include also \$8,611 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 139.

	Total	Per Mile
Gross Earnings	\$483,733	\$3,480
Operating Expenses	366,585	2,637
Net Earnings	117,148	843
Other Income	1,412	10
Total Net Income.....	118,560	853
Fixed Charges (including for Taxes, \$2,735).....	98,946	712
*Surplus	19,614	141

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$123,912	\$891
Maintenance of Equipment.....	58,655	422
Traffic Expenses	3,902	28
Transportation Expenses	167,625	1,206
General Expenses	12,491	90

Ratio of Operating Expenses to Gross Earnings, 75.8 per cent.

*This Surplus before deducting \$40,789 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8
For Maintenance Expenses.....	37.6%	33.6%
For Traffic, Transportation and General Expenses.....	37.9%	40.5%
For Fixed Charges.....	20.4%	19.3%
For Surplus	4.1%	6.6%
	100.0%	100.0%

	1908-9	1907-8
Ton miles per mile of road.....	146,832	126,136
Passenger miles per mile of road.....	50,433	51,445
Miles, yards and sidings.....	.....	15

See Notes, page 205.

BALTIMORE & OHIO R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1899-0	3,200	\$42,117,405	\$6,907,056	1904-5	4,026	\$67,689,997	\$14,153,248
1900-1	3,216	47,114,430	7,637,613	1905-6	4,030	77,392,056	19,130,338
1901-2	3,233	51,178,061	10,324,883	1906-7	4,006	82,243,922	18,545,611
1902-3	3,935	63,449,633	14,905,133	1907-8	3,992	73,608,781	10,422,738
1903-4	3,987	65,071,081	12,766,010	1908-9	4,004	71,043,519	13,020,965

STOCK OUTSTANDING

June 30, 1909

Common.....	\$152,175,829
Preferred (4%)	60,000,000

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....	\$268,268,123
----------------------	---------------

*Includes \$11,039,573 assumed bonds and \$5,072,230 Company's bonds held in Treasury; also \$7,644,050 Pittsburgh Junction and Middle Division $3\frac{1}{2}$ per cent. bonds deposited with Trustees. Interest is not paid on these deposited bonds.

CAPITALIZATION

	Total	Per Mile
Stock	\$212,175,829	\$52,991
Bonds	268,268,123	67,000
Total	480,443,952	119,991

The Baltimore & Ohio R. R. paid in 1908-9 \$828,546 in miscellaneous rentals (included in Fixed Charges below). Fixed Charges below include \$539,249 deficit from Outside Operations, \$170,865 for Hire of Equipment, and about \$1,000,000 interest on bonds not shown among liabilities of the B. & O. R. R. proper, and therefore not included above. Fixed Charges include \$194,135, the net earnings of the Washington Branch and \$39,931, the net earnings of the Winchester & Strasburg R. R., both items being included in the System earnings.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 4,004.	Total	Per Mile
Gross Earnings	\$71,043,519	\$17,743
Operating Expenses	47,551,976	11,876
Net Earnings	23,491,543	5,867
Other Income	4,685,139	1,170
Total Net Income.....	28,176,682	7,037
Fixed Charges (including for Taxes, \$2,062,189)..	15,155,717	3,785
*Surplus	13,020,965	3,252

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$9,017,397	\$2,252
Maintenance of Equipment.....	10,985,730	2,744
Traffic Expenses	1,608,451	402
Transportation Expenses	24,453,790	6,107
General Expenses	1,486,608	371

Ratio of Operating Expenses to Gross Earnings, 66.9 per cent.

*This Surplus before deducting \$546,048 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	26.4%	30.1%	27.8%	27.0%	26.6%	25.5%
For Traffic, Transportation and General Expenses....	36.4%	39.3%	35.8%	34.2%	36.7%	39.0%
For Fixed Charges.....	20.0%	17.2%	14.9%	15.1%	16.7%	16.7%
For Surplus	17.2%	13.4%	21.5%	23.7%	20.0%	18.8%

	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4

Ton miles per mile of road.....	2,315,649	2,451,499	2,828,065	2,659,949
Passenger miles per mile of road	172,286	182,005	180,574	169,475
Miles, second and additional main track	1,247	1,266	1,231	1,182
Miles, yards and sidings.....	2,258	2,211	2,132	2,074

See Notes, page 205.

BUFFALO & SUSQUEHANNA RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1904-5	172	\$1,129,865	\$324,014	1906-7*	256	\$1,853,857	\$238,356
1905-6	243	1,522,740	246,505	1907-8†	‡372	2,024,888	\$593,098

*Buffalo & Susquehanna R. R. †Buffalo & Susquehanna Ry. ‡Train service maintained over 356 miles. §Deficit.

See Notes for information as to 1908-9 earnings.

STOCK OUTSTANDING

June 30, 1908

*Common.....\$10,000,000

BONDS AND GUARANTEED STOCK

June 30, 1908

†Fixed interest.....\$15,505,000
Equipment 2,365,000
‡B. & S. R. R. Preferred (4%) 4,000,000

* Does not include \$4,656,900 common stock of the B. & S. R. R.; all outstanding stock is owned by the Ry. Co.

† Includes \$6,000,000 4½ per cent. bonds of the B. & S. Ry. and \$9,505,000 bonds of the B. & S. R. R. Does include \$920,000 Bills Payable.

‡ Under the lease of the R. R. to the Ry., dividends are guaranteed on this preferred stock.

Attention is directed to the fact that on June 29, 1907, all the road and equipment owned by R. R. Co. was leased for 999 years to the B. & S. Ry. See Notes for terms of lease. The Railway completed in 1906-7 a line from Wellesville, N. Y., to Buffalo, 8½ miles.

CAPITALIZATION

	Total	Per Mile
Stock	\$10,000,000	\$26,881
Bonds	21,870,000	53,791
Total	31,870,000	85,672

Fixed Charges below include \$30,760 for trackage, etc. \$1,482 loss from Outside Operations, also \$587,113 rents accrued for lease of other roads. There is not included in this latter item the dividends (\$186,276) paid on the common stock of the B. & S. R. R., which dividends are payable under terms of lease. The Ry. Co. owns the entire issue of the R. R. Co. common stock. The annual report of the Railway shows this amount (\$186,276) in the rents as paid, also this amount in Other Income as having been received. Other Income below does not include this \$186,276.

Other Income below includes \$48,162 from "Hire of Equipment," and \$138,060 from interest on Coal Co.'s bonds owned, etc.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1908

	Total	Per Mile
Average miles operated, 372.		
Gross Earnings	\$2,024,888	\$5,443
Operating Expenses	1,808,036	4,860
Net Earnings	216,852	533
Other Income	*257,053	691
Total Net Income.....	473,905	1,274
Fixed Charges (including for Taxes, \$48,000)....	*1,067,003	2,868
†Deficit	593,098	1,594

*See explanation above.

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$435,750	\$1,172
Maintenance of Equipment.....	489,234	1,315
Traffic Expenses	22,717	61
Transportation Expenses	788,592	2,119
General Expenses	71,743	193

Ratio of Operating Expenses to Gross Earnings, 89.3 per cent.

* Deficit does not include \$1,823 for Extraordinary Expenditures.

The statements following relate to the Railway for 1907-8 and to the Railroad for previous years.

APPROPRIATION OF GROSS INCOME

	1907-8	1906-7	1905-6	1904-5	1903-4	1902-3
For Maintenance Expenses.....	40.5%	32.1%	29.9%	26.6%	25.1%	23.8%
For Traffic, Transportation and General Expenses.....	38.7%	30.4%	27.3%	28.1%	28.4%	25.9%
For Fixed Charges.....	46.7%	25.8%	27.8%	20.7%	16.4%	15.3%
For Surplus	Deficit	11.7%	15.0%	24.6%	30.1%	35.0%
	1907-8	1906-7	1905-6	1904-5		
Ton miles per mile of road....	732,942	694,514	471,951	403,129		
Passenger miles per mile of road	23,979	21,326	21,099	28,418		
Miles, yards and sidings.....	86	70	59	57		

See Notes, page 208.

BUFFALO, ROCHESTER & PITTSBURGH RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1899-0	405	\$4,992,147	\$1,012,952	1904-5	538	\$8,138,274	\$1,387,271
1900-1	472	5,803,692	1,215,470	1905-6	*568	7,797,248	1,510,644
1901-2	472	6,292,584	1,273,266	1906-7	*569	8,595,916	1,539,203
1902-3	472	7,404,503	1,781,595	1907-8	*568	7,422,236	1,036,192
1903-4	499	7,496,521	1,513,264	1908-9	*568	7,171,897	1,042,422

*Includes 127 miles of trackage.

STOCK OUTSTANDING

June 30, 1909	
Common.....	\$10,500,000
Preferred (6%).....	6,000,000

BONDS OUTSTANDING

June 30, 1909	
Fixed Interest.....	\$16,662,000
Equipment	7,693,000
Notes	360,000

CAPITALIZATION

	Total	Per Mile
Stock	\$16,500,000	\$29,049
Bonds	24,715,000	43,513
Total	41,215,000	72,562

The Buffalo, Rochester & Pittsburgh Ry. paid in 1908-9 \$641,067 in rentals (included in Fixed Charges below). This sum includes \$364,500 for lease of other roads.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

	Total	Per Mile
Average miles operated, 568.		
Gross Earnings	\$7,171,897	\$12,627
Operating Expenses	4,665,171	8,213
Net Earnings	2,506,726	4,414
Other Income	436,178	768
Total Net Income.....	2,942,904	5,182
Fixed Charges (including for Taxes, \$133,000)....	1,900,482	3,346
*Surplus	1,042,422	1,836

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$769,037	\$1,354
Maintenance of Equipment.....	1,538,191	2,708
Traffic Expenses	101,259	173
Transportation Expenses	2,095,212	3,689
General Expenses	161,472	284

Ratio of Operating Expenses to Gross Earnings, 65.0 per cent.

*This Surplus before deducting \$12,484 for Pension Fund.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	30.3%	31.4%	23.7%	22.8%	24.4%	22.9%
For Traffic, Transportation and General Expenses.....	31.0%	32.7%	35.6%	35.4%	37.5%	35.7%
For Fixed Charges.....	25.0%	23.0%	22.9%	22.5%	21.0%	21.5%
For Surplus	13.7%	12.9%	17.8%	19.3%	17.1%	19.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road.....	2,191,806	2,282,780	2,445,690	2,189,926
Passenger miles per mile of road	79.076	89.226	92.643	88,964
Miles, second and additional main track	183	174	173	168
Miles, yards and sidings.....	281	280	273	257

See Notes, page 211.

CENTRAL R. R. OF NEW JERSEY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897	646	\$11,568,328	.....	1903-4	639	\$18,421,952	\$4,326,203
1898	637	11,505,847	.....	1904-5	602	19,259,117	5,032,422
1899	640	13,645,710	.....	1905-6	610	20,523,031	5,659,705
1900	642	13,975,646	\$2,619,363	1906-7	610	22,772,568	5,782,879
1901	639	15,286,709	3,763,484	1907-8	610	23,184,414	5,123,473
1902-3	639	16,357,156	2,134,796	1908-9	610	22,068,278	4,537,988

Does not include New York & Long Branch R. R., 38 miles.

STOCK OUTSTANDING

June 30, 1909

Common.....\$27,436,800

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....\$45,091,000

Equipment 6,380,000

CAPITALIZATION

	Total	Per Mile
Stock	\$27,436,800	\$44,978
Bonds	51,471,000	84,379
Total	78,907,800	129,357

The Central R. R. of New Jersey paid in 1908-9 \$2,495,020 in rentals (Included in Fixed Charges below).

Other Income below does not include the profits for the year of the Lehigh & Wilkes-Barre Coal Co.; these amounted to \$1,993,095.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 610.	Total	Per Mile
Gross Earnings	\$22,068,278	\$36,178
Operating Expenses	12,560,517	20,591
Net Earnings	9,507,761	15,587
Other Income	1,427,453	2,340
Total Net Income.....	10,935,214	17,927
Fixed Charges (including for Taxes, \$1,067,772)...	6,397,226	10,487
*Surplus	4,537,988	7,440

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$2,156,210	\$3,535
Maintenance of Equipment.....	3,676,699	6,027
Traffic Expenses	306,091	502
Transportation Expenses	5,947,442	9,750
General Expenses	474,075	777

Ratio of Operating Expenses to Gross Earnings, 56.9 per cent.

*This Surplus before deducting \$2,000,000 credited to Additions and Betterments Fund.

Other Income above includes \$274,938 net earnings of New York & Long Branch R. R.; the net loss (\$241) from Outside Operations is deducted from Other Income.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	24.8%	24.5%	19.0%	19.5%	19.0%	19.1%
For Traffic, Transportation and General Expenses.....	28.6%	28.8%	29.3%	28.6%	28.9%	30.2%
For Fixed Charges.....	27.3%	26.0%	28.2%	26.2%	27.9%	28.8%
For Surplus	19.3%	20.7%	23.5%	25.7%	24.2%	21.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road.....	3,240,677	3,391,299	3,462,722	3,150,263
Passenger miles per mile of road	496,492	496,638	480,868	442,758
Miles, second and additional main track	296	296	296	296
Miles, yards and sidings.....	553	548	533	502

See Notes, page 213.

CUMBERLAND VALLEY R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1901	163	\$1,120,111	\$360,231	1905	163	\$2,472,221	\$851,259
1902	163	1,256,501	316,643	1906	163	2,904,990	962,624
1903	163	2,019,378	350,064	1907	162	2,935,107	985,101
1904	163	2,165,558	579,059	1908	162	2,409,762	932,359

STOCK OUTSTANDING

Dec. 31, 1908

Common	\$1,292,950
Preferred, 1st (8%).....	241,900
Preferred, 2d (8%).....	243,000

\$323,500 Bonds and Debentures were retired early in 1908.

CAPITALIZATION

	Total	Per Mile
Stock	\$1,777,850	\$10,974

The Cumberland Valley R. R. paid in 1908 \$90,629 in rentals (included in Fixed Charges below). Fixed Charges below include also \$6,423 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 162.

	Total	Per Mile
Gross Earnings	\$2,409,762	\$14,875
Operating Expenses	1,364,889	8,425
Net Earnings	1,044,873	6,450
Other Income	42,600	263
Total Net Income.....	1,087,473	6,713
Fixed Charges (including for Taxes, \$48,201).....	155,114	958
Surplus	932,359	5,755

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$269,340	\$1,663
Maintenance of Equipment.....	219,253	1,353
Traffic Expenses	44,979	278
Transportation Expenses	769,893	4,752
General Expenses	61,424	379

Ratio of Operating Expenses to Gross Earnings, 56.6 per cent.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	19.9%	26.6%	27.0%	24.4%	29.1%	34.3%
For Traffic, Transportation and General Expenses.....	35.8%	35.2%	35.6%	37.0%	40.4%	44.8%
For Fixed Charges.....	6.3%	4.8%	4.3%	4.7%	3.7%	3.7%
For Surplus	38.0%	33.4%	33.1%	33.9%	26.8%	17.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	1,885,144	2,479,816	2,628,742	2,041,387
Passenger miles per mile of road	182,483	203,127	179,516	157,172
Miles, second and additional main track	41	33	24	24
Miles, yards and sidings.....	89	87	86	81

See Notes, page 214.

DELAWARE & HUDSON CO.

Avg. Miles Year Oper.			Avg. Miles Year Oper.		
Gross	Surplus		Gross	Surplus	
1900 660	\$11,485,189	\$2,958,429	1905 843	\$16,382,674	\$5,707,743
1901 661	12,178,683	4,370,706	1906 843	17,050,029	5,301,622
1902 689	11,050,690	2,497,874	1907 845	20,175,793	6,466,172
1903 769	13,642,953	6,205,156	1908 845	18,500,731	5,254,458
1904 843	15,071,124	5,256,446			

STOCK OUTSTANDING

Dec. 31, 1908

Common.....\$42,400,000

Per mile of road operated, \$50.177.

Loans Payable December 31, 1908, were \$8,500,000.

*Includes \$13,977,000 Delaware & Hudson Debentures, convertible into stock at \$200 per share. See Notes as to the \$10,000,000 Albany & Susquehanna R. R. 3½ per cent. Convertible Bonds, which are likewise convertible into stock of the Delaware & Hudson Company at \$200 per share.

Fixed Charges below include \$1,897,628 paid in rentals, \$75,000 interest on divisional bonds and \$797,390 account of general interest and discount.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 845.

	Total	Per Mile
Gross Earnings	\$18,500,731	\$21,894
Operating Expenses	10,811,721	12,795
Net Earnings	7,689,010	9,099
Other Income	2,357,792	2,790
Total Net Income.....	10,046,802	11,889
Fixed Charges (including for Taxes, \$413,029)....	4,792,344	5,671
Surplus	5,254,458	6,218

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$1,417,319	\$1,677
Maintenance of Equipment.....	2,219,543	2,627
Traffic Expenses	204,849	242
Transportation Expenses	6,528,112	7,726
General Expenses	441,898	523

Ratio of Operating Expenses to Gross Earnings, 58.4 per cent.

Other Income above includes \$853,116 net profits of Coal and Sales Department and \$1,504,675 miscellaneous income.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	17.4%	18.5%	17.8%	17.6%	18.9%	16.9%
For Traffic, Transportation and General Expenses.....	34.4%	33.6%	35.9%	34.3%	31.9%	27.7%
For Fixed Charges.....	23.0%	19.3%	18.6%	17.8%	19.1%	20.1%
For Surplus	25.2%	28.6%	27.7%	30.3%	30.1%	35.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	2,525,548	2,972,525	2,550,934	2,500,234
Passenger miles per mile of road	150,277	162,940	155,837	143,364
Miles, second and additional main track	244	330	301	303
Miles, yards and sidings.....	609	611	560	538

See Notes, page 215.

DELAWARE, LACKAWANNA & WESTERN R. R.

Year	Avg. Miles Oper.	Gross	Year	Avg. Miles Oper.	Gross
1897	771	\$21,002,017	1903	770	\$29,180,964
1898	771	22,168,344	1904	770	28,701,991
1899	771	21,325,122	1905	770	31,951,063
1900	771	20,887,763	1906	770	32,962,880
1901	771	23,507,634	1907	770	37,264,473
1902	771	21,398,764	1908	770	*32,898,495

*Large decrease in Gross Earnings due largely to change in method of keeping accounts.

STOCK OUTSTANDING

Dec. 31, 1908

Common *\$26,200,000

Per mile of road operated, \$34,026.

*Stock increased to \$30,277,000. See Notes.

The Delaware, Lackawanna & Western R. R. paid in 1908 \$5,451,463 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 770.

	Total	Per Mile
Gross Earnings	\$32,898,495	\$42,725
Operating Expenses	18,623,655	24,186
Net Earnings	14,274,840	18,539
Other Income	5,836,151	7,579
Total Net Income.....	20,110,991	26,118
Fixed Charges (including for Taxes, \$1,180,800)....	6,632,263	8,613
*Surplus	13,478,728	17,505

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$3,343,396	\$4,342
Maintenance of Equipment.....	4,747,700	6,166
Traffic Expenses	569,398	739
Transportation Expenses	9,312,645	12,094
General Expenses	650,516	845

Ratio of Operating Expenses to Gross Earnings, 56.6 per cent.

*This Surplus before deducting \$2,781,603 for Extraordinary Expenditures.

Other Income above includes \$155,899 Net Revenue from Outside Operations, \$296,793 from Hire of Equipment and \$4,166,792, the net profits of the Coal Department.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	20.9%	20.5%	20.9%	20.9%	20.8%	19.7%
For Traffic, Transportation and General Expenses.....	27.2%	30.3%	29.5%	28.7%	27.1%	26.7%
For Fixed Charges.....	17.1%	16.4%	19.2%	18.2%	20.9%	21.7%
For Surplus	34.8%	32.8%	30.4%	32.2%	31.2%	31.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	4,001,377	4,529,672	3,868,823	3,826,713
Passenger miles per mile of road	609,386	611,449	557,255	503,363
Miles, second and additional main track	480	480	480	480
Miles, yards and sidings.....	882	866	822	795

See Notes, page 217.

ERIE R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1900-1	2,156	\$39,102,302	\$2,823,157	1905-6	2,151	\$47,461,402	\$5,016,644
1901-2	2,154	40,894,434	4,384,676	1906-7	2,151	51,194,113	5,903,658
1902-3	2,153	43,509,139	8,433,266	1907-8	2,171	46,746,436	*1,623,423
1903-4	2,150	43,005,213	4,552,053	1908-9	2,231	47,514,859	2,947,644
1904-5	2,150	43,321,647	4,406,596	*Deficit.			

STOCK OUTSTANDING

June 30, 1909

Common.....	\$112,378,900
Preferred, 1st (4%)..	47,892,400
Preferred, 2d (4%)..	16,000,000

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....	\$210,963,900
Equipment	14,526,939
† Coll. Notes (6%)...	10,462,000
Real Estate.....	780,449

*Includes \$6,000,000 General Lien Bonds and \$485,000 Convertible Bonds owned by the Company.

† On March 1, 1910, about \$14,000,000 of these Notes were outstanding; they mature April 8, 1911.

Bills payable June 30, 1908, amounted to \$274,730.

CAPITALIZATION

	Total	Per Mile
Stock	\$176,271,300	\$79,010
Bonds	236,733,288	106,111
Total	413,004,588	185,121

The Erie R. R. paid in 1908-9 \$2,162,008 in rentals (included in Fixed Charges below). This sum includes \$126,571 net balance, "Hire of Equipment," and \$718,001 account of joint facilities.

The interest on the Pennsylvania Collateral 4 per cent. Gold Bonds and the Pennsylvania Coal Co. Sinking Fund (together amounting to \$1,835,001), are deducted from Other Income, so far as the figures below are concerned, and do not appear in Fixed Charges. The reports, until recent years have followed this method, and although in the reports for 1905-7, 1907-8 and 1908-9 these items were included in Fixed Charges, the old method is here followed for the sake of comparison.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 2,231.	Total	Per Mile
Gross Earnings	\$47,514,859	\$21,298
Operating Expenses	32,694,025	14,655
Net Earnings	14,820,834	6,643
Other Income	1,526,567	684
Total Net Income.....	16,347,401	7,327
Fixed Charges (including for Taxes, \$1,369,523)....	13,399,757	6,006
*Surplus	2,947,644	1,321

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$4,232,407	\$1,897
Maintenance of Equipment.....	9,648,980	4,325
Traffic Expenses	1,124,621	504
Transportation Expenses	16,616,181	7,448
General Expenses	1,071,836	481

Ratio of Operating Expenses to Gross Earnings, 68.8 per cent.

*This surplus before deducting \$38,957 for extraordinary expenditures. In addition to the surplus reported, the company received \$94,000 from the earnings of the Erie Coal Cos during the current year (1908-9), in payment of advances with interest thereon.

Other income above is stated after deduction of the following amounts: \$1,360,000, interest on Pennsylvania Coll. 4 per cent. bonds; \$455,001, the amount of Sinking Funds accrued. Other income includes \$85,566, the net profit from Outside Operations (Water Routes, etc.).

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	28.3%	34.9%	25.8%	27.8%	25.1%	24.1%
For Traffic, Transportation and General Expenses....	38.4%	42.0%	39.7%	39.3%	41.9%	42.9%
For Fixed Charges.....	27.3%	26.6%	23.0%	22.3%	23.0%	22.5%
For Surplus	6.0%	Deficit	11.5%	10.6%	10.0%	10.5%
	1908-9	1907-8	1906-7	1905-6	1904-5	1903-6
Ton miles per mile of road....	2,603,189	2,607,802	2,917,541	2,763,537		
Passenger miles per mile of road	267,734	294,576	297,440	278,315		
Miles, second, etc., main track	917	855	837	793		
Miles, yards and sidings.....		1,564	1,607	1,605		

See Notes, page 219.

LEHIGH & HUDSON RIVER RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1904-5	77	\$464,110	\$22,023	1907-8	97	\$851,519	\$11,532
1905-6	86	626,971	67,592	1908-9	*97	1,251,316	80,400
1906-7	97	844,335	43,387				

*Includes 24 miles trackage.

STOCK OUTSTANDING

June 30, 1909

Common.....\$1,340,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest\$3,069,000

Equipment 475,940

Loans and Bills Payable June 30, 1909, amountted to \$326,000.

CAPITALIZATION.

	Total	Per Mile
Stock	\$1,340,000	\$13,815
Bonds	3,544,940	36,545
Total	4,884,940	50,360

The Lehigh & Hudson River Ry. paid in 1908-9 \$48,936 in rentals (included in Fixed Charges below). Fixed Charges include also \$46,825 debit balance Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 97.

	Total	Per Mile
Gross Earnings	\$1,251,316	\$12,900
Operating Expenses	868,656	8,955
Net Earnings	382,660	3,945
Total Net Income	382,660	3,945
Fixed Charges (including for Taxes, \$32,913).....	302,260	3,116
Surplus	80,400	829

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$173,478	\$1,789
Maintenance of Equipment	151,406	1,561
Traffic Expenses	11,266	116
Transportation Expenses	491,341	5,065
General Expenses	41,165	424

Ratio of Operating Expenses to Gross Earnings, 69.4 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6
For Maintenance Expenses	25.9%	27.8%	16.8%	21.3%
For Traffic, Transportation and General Expenses	43.5%	43.5%	46.4%	38.1%
For Fixed Charges	24.2%	27.3%	31.7%	29.7%
For Surplus	6.4%	1.4%	5.1%	10.9%
	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	2,062,629	1,154,497	1,131,618	821,838
Passenger miles per mile of road	20,377	22,471	19,846	20,397
Miles, yard and sidings	42	37	38	30

See Notes, page 223.

LEHIGH & NEW ENGLAND R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1904-5	131	\$326,433	\$15,106	1907-8	132	\$655,514	*\$47,020
1905-6	132	565,109	19,682	1908-9	132	777,061	*12,384
1906-7	132	686,277	17,831				

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common.....\$1,000,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest\$4,080,000
 Equipment 420,000

CAPITALIZATION.

	Total	Per Mile
Stock	\$1,000,000	\$7,576
Bonds	4,500,000	34,091
Total	5,500,000	41,667

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 132.

	Total	Per Mile
Gross Earnings	\$777,061	\$5,887
Operating Expenses	506,232	3,835
Net Earnings	270,829	2,052
Total Net Income	270,829	2,052
Fixed Charges (including for Taxes, \$10,200)....	283,213	2,146
Deficit	12,384	94

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$152,302	\$1,154
Maintenance of Equipment	97,006	735
Traffic Expenses	10,884	82
Transportation Expenses	209,474	1,587
General Expenses	36,566	277

Ratio of Operating Expenses to Gross Earnings, 65.1 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9
For Maintenance Expenses	32.1%
For Traffic, Transportation and General Expenses	33.1%
For Fixed Charges	36.4%
For Surplus	Deficit

See Notes, page 224.

LEHIGH VALLEY R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1898-9	1,396	\$21,570,502	*\$523,194	1904-5	1,394	\$31,275,843	\$7,439,987
1899-0	1,381	23,049,282	*2,077,796	1905-6	1,429	32,789,857	7,340,300
1900-1	1,400	26,683,534	574,612	1906-7	1,443	36,008,432	8,204,794
1901-2	1,387	24,272,254	*1,332,776	1907-8	1,448	35,510,154	7,759,180
1902-3	1,392	26,654,503	3,273,689	1908-9	1,446	33,137,832	5,843,803
1903-4	1,392	29,881,738	6,577,287	*Deficit.			

STOCK OUTSTANDING

June 30, 1909

Common.....	\$40,334,800
Preferred (10%).....	106,300

*Includes \$3,000,000 General Consolidated Mortgage 4 per cent. bonds in Treasury. Does not include Coal Co.'s bonds which will be retired at or before maturity by operation of Sinking Funds; includes, however, \$18,372,300 bonds and guaranteed stock of all Leased Lines.

† Does not include \$3,560,000 Equipment Certificates held in Treasury.

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....	\$129,011,300
†Equipment	4,750,000

CAPITALIZATION

	Total	Per Mile
Stock	\$40,441,100	\$27.968
Bonds	133,761,300	92.504
Total	174,202,400	120.472

The Lehigh Valley R. R. paid in 1908-9 \$2,316,473 in rentals included in Fixed Charges below. These payments represent the interest and dividends on bonds and guaranteed stocks, which are included above under Bonds Outstanding.

Fixed Charges below do not include any interest on bonds of the Lehigh Valley Coal Company.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,446.	Total	Per Mile
Gross Earnings	\$33,137,832	\$22.917
Operating Expenses	20,575,736	14.229
Net Earnings	12,562,096	8.688
Other Income	704,580	.487
Total Net Income.....	13,266,676	9.175
Fixed Charges (including for Taxes, \$1,079,376) ..	7,422,873	5.133
*Surplus	5,843,803	4.042

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$3,273,339	\$2.264
Maintenance of Equipment	5,832,430	4.033
Traffic Expenses	810,293	.560
Transportation Expenses	9,949,910	6.881
General Expenses	709,764	.491

Ratio of Operating Expenses to Gross Earnings, 62.1 per cent.

*This Surplus before deducting \$582,643 for Improvements, etc.

Other Income above does not include \$375,452 Net Income of Lehigh Valley Coal Co., the operations of the Coal Co. having been reported separately. In former years Net Income of the Coal Co. (\$388,606 in 1907-8) was included in Other Income.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	26.9%	25.4%	25.3%	25.5%	25.2%	24.9%
For Traffic, Transportation and General Expenses....	33.9%	34.0%	34.3%	33.9%	33.3%	35.5%
For Fixed Charges.....	21.9%	19.9%	18.3%	18.9%	18.5%	18.5%
For Surplus	17.3%	20.7%	22.1%	21.7%	23.0%	21.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ton miles per mile of road.....	3,042,056	1908-9	1907-8	1906-7	1905-6	1904-5
Passenger miles per mile of road	154,466					
Miles, second. etc., main track	672					
Miles, yards and sidings	1,128					

See Notes, page 224.

THE EARNING POWER

LONG ISLAND R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896-7	379	\$3,954,864	\$41,050	1903-4	392	\$6,835,848	*\$275,205
1897-8	379	4,333,194	213,570	1904	392	7,083,807	*54,389
1898-9	379	4,622,475	211,555	1905	392	7,824,986	22,529
1899-0	379	4,557,259	159,494	1906	392	9,595,596	*28,359
1900-1	380	4,862,347	206,164	1907	392	10,130,408	*858,829
1901-2	396	5,883,607	544,255	1908	392	9,818,545	*276,088
1902-3	392	6,440,992	305,588	*Deficit.			

STOCK OUTSTANDING

Dec. 31, 1908

Common.....\$12,000,000

*Includes \$1,969,918 Mortgages on Real Estate and \$3,888,000 outstanding securities of Leasehold Estates.

BONDS OUTSTANDING

Dec. 31, 1908

*Fixed Interest\$48,276,621

CAPITALIZATION

	Total	Per Mile
Stock	\$12,000,000	\$30,612
Bonds	48,276,621	123,155
Total	60,276,621	153,767

The Long Island R. R. paid in 1908 \$542,747 in rentals (included in Fixed Charges below). Fixed Charges include also \$38,508 account of loss from operation of the Montauk Steamboat Co., Ltd., for the year 1908.

A proportion of interest on the cost of completed but unused portions of extensive improvements has for several years been charged into cost of construction.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 392.		Total	Per Mile
Gross Earnings		\$9,818,545	\$25,047
Operating Expenses		7,267,235	18,539
Net Earnings		2,551,310	6,508
Other Income		216,868	553
Total Net Income		2,768,178	7,061
Fixed Charges (including for Taxes, \$393,312)....		3,044,266	7,766
Deficit		276,088	705

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$1,000,588	\$2,553
Maintenance of Equipment	1,295,513	3,305
Traffic Expenses	185,057	472
Transportation Expenses	4,555,504	11,621
General Expenses	230,573	588

Ratio of Operating Expenses to Gross Earnings, 74.0 per cent.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	22.9%	26.2%	22.3%	20.8%	20.0%	22.5%
For Traffic, Transportation and General Expenses....	49.5%	55.3%	52.5%	54.1%	54.9%	55.4%
For Fixed Charges.....	30.3%	26.7%	25.5%	24.8%	25.7%	25.5%
For Surplus	Deficit	Deficit	Deficit	0.3%	Deficit	Deficit

	1908	1907	1906	1905
Ton miles per mile of road....	203,686	207,872	185,774	176,820
Passenger miles per mile of road	898,793	929,927	854,494	700,389
Miles, second and additional main track	158	155	153	...
Miles, yards and sidings	201	194	186	...

See Notes, page 227.

MARYLAND & PENNSYLVANIA R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1905	80	\$344,626	1907	80	\$385,654
1906	80	354,354	1908	80	367,033
					Surplus
					\$85,656
					55,677

STOCK OUTSTANDING

Dec. 31, 1908

Common.....	\$1,602,500
Income Bonds (4%)....	900,000

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....	\$1,099,450
Equipment	35,000

CAPITALIZATION

	Total	Per Mile
Stock and Income Bonds	\$2,502,500	\$31,281
Bonds	1,134,450	14,181
Total	3,636,950	45,462

Fixed Charges below do not include \$36,000 interest on Income Bonds.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 80.

	Total	Per Mile
Gross Earnings	\$367,033	\$4,588
†Operating Expenses	253,551	3,169
Net Earnings	113,482	1,419
Other Income	1,260	16
Total Net Income	114,742	1,435
†Fixed Charges (including for Taxes, \$11,300†)....	59,065	737
*Surplus	55,677	698

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$50,778	\$634
Maintenance of Equipment	45,657	571
Traffic Expenses	4,960	62
Transportation Expenses	134,546	1,682
General Expenses	17,610	220

Ratio of Operating Expenses to Gross Earnings, 69.1 per cent.

* This Surplus before deducting \$32,508 for Extraordinary Expenditures.

† Approximately correct.

APPROPRIATION OF GROSS INCOME

	1908	1907
For Maintenance Expenses	26.2%	19.3%
For Traffic, Transportation and General Expenses.....	42.7%	43.6%
For Fixed Charges	16.0%	15.0%
For Surplus	15.1%	22.1%
	100.0%	100.0%

Miles, yards and sidings

8

8

See Notes, page 228.

NEW YORK CENTRAL & HUDSON RIVER R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	2,395	\$45,774,240	\$4,651,471	1903-4	*3,490	\$77,682,221	\$7,415,863
1898-9	2,395	46,184,657	5,615,051	1905	*3,774	86,095,602	10,258,570
1899-0	2,817	54,562,952	7,979,028	1906	*3,784	92,089,769	12,275,908
1900-1	*3,223	66,333,111	7,742,183	1907	*3,782	98,369,060	11,083,829
1901-2	*3,320	70,903,868	8,016,718	1908	*3,781	88,849,368	9,075,877
1902-3	*3,423	77,605,778	8,724,304				

*Includes Boston & Albany R. R. See Notes for earnings for the year 1909.

STOCK OUTSTANDING

Dec. 31, 1908.

*Common.....\$178,632,000

Per mile of road operated, \$47.245.

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....\$243,564,845

Notes Due Feb., 1910 25,000,000

*Since increased \$44,658,000 by issue of new stock to stockholders at par (See Notes). The 5% Notes due February 1, 1910, were retired.

There are not included above the New York Central Lines Equipment Trust Certificates. See Notes.

The New York Central & Hudson River R. R. paid in 1908 \$10,200,-593 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 3,781.

	Total	Per Mile
Gross Earnings	\$88,849,368	\$23.493
Operating Expenses	65,419,085	17.302
Net Earnings	23,430,283	6.191
Other Income	10,371,079	2.743
Total Net Income	33,801,362	8.940
Fixed Charges (including for Taxes, \$4,249,173) ..	24,725,485	6.539
Surplus	9,075,877	2.401

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$10,768,284	\$2.848
Maintenance of Equipment	13,420,283	3.549
Conducting Transportation	38,759,355	10.251
General Expenses	2,471,163	.654

Ratio of Operating Expenses to Gross Earnings, 73.6 per cent.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1903-4	1902-3
For Maintenance Expenses.....	24.4%	24.8%	25.3%	25.0%	25.6%	25.7%
For Conducting Transportation and General Expenses.....	41.6%	44.2%	39.8%	39.8%	40.9%	38.7%
For Fixed Charges.....	24.9%	20.9%	22.6%	24.2%	24.5%	24.9%
For Surplus	9.1%	10.1%	12.3%	11.0%	9.0%	10.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road...	2,373,683	2,855,610	2,545,452	2,577,839
Passenger miles per mile of road	437,713	481,051	462,548	421,689
Miles, second and additional main track	2,201	2,153	2,037	2,012
Miles, yards and sidings.....	2,748	2,682	2,552	2,320

See Notes, page 229.

NEW YORK, ONTARIO & WESTERN RY.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1895-6	480	\$3,779,336	1902-3	548	\$6,176,518
1896-7	480	3,894,403	1903-4	548	6,652,484
1897-8	480	3,911,635	1904-5	548	7,090,889
1898-9	480	4,346,163	1905-6	546	7,265,058
1899-0	480	4,963,483	1906-7	546	8,202,360
1900-1	480	5,322,884	1907-8	546	8,121,494
1901-2	480	5,456,696	1908-9	*546	8,290,170
					1,343,127

*Includes 53 miles trackage.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$58,113,983
Preferred.....	4,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$23,948,000
Gold Notes	2,825,000

CAPITALIZATION

	Total	Per Mile
Stock	\$58,117,983	\$106,443
Bonds	26,773,000	49,035
Total	84,890,983	155,478

The New York, Ontario & Western Ry. paid in 1908-9 \$310,201 in rentals (included in Fixed Charges below).

Fixed Charges below include \$83,372 for Hire of Equipment, also \$36,321 Net Loss on Outside Operations.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 546.

	Total	Per Mile
Gross Earnings	\$8,290,170	\$15,183
Operating Expenses	5,643,102	10,335
Net Earnings	2,647,068	4,848
Other Income	428,410	785
Total Net Income	3,075,478	5,633
Fixed Charges (including for Taxes, \$189,160)....	1,732,351	3,173
Surplus	1,343,127	2,460

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$920,196	\$1,685
Maintenance of Equipment.....	1,380,387	2,528
Traffic Expenses	114,263	209
Transportation Expenses	3,053,847	5,593
General Expenses	174,409	320

Ratio of Operating Expenses to Gross Earnings, 68.1 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	26.4%	26.8%	26.0%	25.9%	24.2%	27.3%
For Traffic, Transportation and General Expenses.....	38.3%	36.2%	36.9%	39.6%	40.7%	41.9%
For Fixed Charges.....	19.9%	19.3%	17.9%	19.0%	18.1%	18.4%
For Surplus	15.4%	17.7%	19.2%	15.5%	17.0%	12.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road...	1,503,943	1,356,519	1,325,240	1,217,315
Passenger miles per mile of road	147,640	157,321	149,929	133,457
Miles, second and additional main track	124	118	118	113
Miles, yards and sidings.....	218	213	206	200

See Notes, page 232.

NEW YORK, SUSQUEHANNA & WESTERN R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	228	\$2,240,190	\$79,243	1902-3	238	\$2,626,554	\$327,747
1896-7	228	2,265,880	88,438	1903-4	238	2,585,701	243,248
1897-8	238	2,329,119	119,716	1904-5	238	2,664,084	92,515
1898-9	238	2,416,653	166,789	1905-6	238	2,671,503	*24,333
1899-0	238	2,582,116	205,073	1906-7	236	3,017,049	3,238
1900-1	238	2,504,889	146,581	1907-8	236	3,165,164	*84,306
1901-2	238	2,583,928	221,359	1908-9	236	3,176,096	120,187

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common.....\$13,000,000
 Preferred (4%).....13,000,000

*Includes \$3,114,000 bonds of Leased Lines.

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....\$15,613,000

CAPITALIZATION

	Total	Per Mile
Stock	\$26,000,000	\$110,169
Bonds	15,613,000	66,157
Total	41,613,000	176,326

The New York, Susquehanna & Western Ry. paid in 1908-9 \$78,753 in rentals (included in Fixed Charges below).

Fixed Charges below include \$9,705 Net Loss on Outside Operations, \$440 paid account of Sinking Funds, also \$108,194 for "Hire of Equipment (balance)."

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 236.

	Total	Per Mile
Gross Earnings	\$3,176,096	\$13,458
Operating Expenses	1,966,992	8,335
Net Earnings	1,209,104	5,123
Other Income	78,627	333
Total Net Income	1,287,731	5,456
Fixed Charges (including for Taxes, \$153,127)....	1,167,544	4,947
*Surplus	120,187	509

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$392,039	\$1,661
Maintenance of Equipment	354,183	1,501
Traffic Expenses	24,341	103
Transportation Expenses	1,139,125	4,827
General Expenses	57,304	243

Ratio of Operating Expenses to Gross Earnings, 61.9 per cent.

*This Surplus before deducting \$13,920 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	22.9%	33.3%	23.3%	23.7%	22.8%	18.2%
For Traffic, Transportation and General Expenses.....	37.5%	38.8%	40.3%	41.8%	37.7%	35.6%
For Fixed Charges.....	35.9%	30.6%	36.3%	35.4%	36.0%	36.9%
For Surplus	3.7%	Deficit	0.1%	Deficit	3.5%	9.3%
	100.0%		100.0%		100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Miles, second and additional main track	26	26	26	25
Miles, yards and siding.....	115	114	113	109

See Notes, page 233.

NORTHERN CENTRAL RY.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1896	380	\$6,286,602	1903	450	\$10,310,086
1897	380	6,732,703	1904	461	10,288,204
1898	380	6,664,028	1905	462	10,531,962
1899	280	7,233,417	1906	462	11,632,633
1900	381	7,845,412	1907	460	13,237,498
1901	381	8,266,958	1908	462	11,264,986
1902	422	8,456,685			

See Notes for earnings for 1909.

STOCK OUTSTANDING

Dec. 31, 1908

Common.....\$19,342,550

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....\$6,946,827

CAPITALIZATION

	Total	Per Mile
Stock	\$19,342,550	\$41,867
Bonds	6,946,827	15,036
Total	26,289,377	56,903

The Northern Central Ry. paid in 1908 \$430,561 in rentals (included in Fixed Charges below). Of this amount, \$308,460 represents fixed rentals. Fixed Charges include also \$24,715 Advances to Elmira & Lake Ontario R. R. and \$279,116 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

	Total	Per Mile
Average miles operated, 462.		
Gross Earnings	\$11,264,986	\$24,383
Operating Expenses	8,715,291	18,864
Net Earnings	2,549,695	5,519
Other Income	1,247,049	2,699
Total Net Income.....	3,796,744	8,218
Fixed Charges (including for Taxes, \$320,774)....	1,437,145	3,111
*Surplus (1909 surplus \$2,602,997).....	2,359,599	5,107

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$944,684	\$2,045
Maintenance of Equipment.....	2,228,343	4,823
Traffic Expenses	152,773	330
Transportation Expenses	5,152,000	11,152
General Expenses	237,491	514

Ratio of Operating Expenses to Gross Earnings, 77.4 per cent.

*This Surplus before deducting \$600,000 transferred to Extraordinary Expenditure Fund and \$59,382 paid account of Principal of Car Trusts.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	25.4%	29.8%	27.9%	30.4%	27.1%	28.8%
For Traffic, Transportation and General Expenses.....	44.3%	43.2%	42.4%	42.0%	43.9%	42.9%
For Fixed Charges.....	11.5%	8.8%	8.5%	8.3%	10.0%	11.6%
For Surplus	18.8%	18.2%	21.2%	19.3%	19.0%	16.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	3,015,705	3,775,263	3,166,490	2,740,254
Passenger miles per mile of road	213,170	234,174	214,012	192,266
Miles, second and additional main track	189	189	179	171
Miles, yards and sidings.....	310	305	315	311

See Notes, page 234.

PENNSYLVANIA R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1896	2,787	\$62,096,503	1903	3,656	\$122,626,419
1897	2,813	64,223,113	1904	3,829	118,145,270
1898	2,821	65,603,738	1905	3,829	133,321,592
1899	2,847	72,922,985	1906	3,897	148,239,882
1900	3,243	88,333,827	1907	3,903	164,812,826
1901	3,671	101,322,795	1908	*3,980	136,296,871
1902	3,638	112,663,330			28,207,661

*Including 180 miles trackage.

See Notes for earnings for 1909.

STOCK OUTSTANDING

Dec. 31, 1908

*Common.....\$314,604,200

Per mile of road operated, \$79.946. Notes due March, 1910. 60,000,000

*Increased to \$298,128,300 by sale of new stock at par. (See Notes.) The 5 per cent. Notes due March 1, 1910, were retired.

*Includes \$14,596,000 Convertible bonds; also funded debt of acquired companies and Guaranteed Stock Trust Certificates.

On December 31, 1908, there were outstanding \$61,900,000 of Car Trust Cfs. not appearing in the balance sheet of the company. About 32 per cent. of the cars for which these certificates were issued, were assigned and sublet to other companies in the Pennsylvania R. R. System.

The Pennsylvania R. R. paid in 1908 \$6,435,357 in rentals included in Fixed Charges below. Of this sum, \$4,346,642 represented fixed rentals.

BONDS OUTSTANDING

Dec. 31, 1908

†Fixed Interest.....\$260,457,445

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

	Total	Per Mile
Average miles operated, 3,980.		
Gross Earnings	\$136,296,871	\$34,245
Operating Expenses	97,412,016	24,475
Net Earnings	38,884,855	9,770
Other Income	14,388,702	3,615
Total Net Income.....	53,273,557	13,385
Fixed Charges (including for Taxes, \$3,988,977)...	25,065,896	6,298
*Surplus (1909 surplus \$37,479,332).....	28,207,661	7,087

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$15,177,314	\$3,813
Maintenance of Equipment.....	25,113,455	6,310
Traffic Expenses	1,811,574	455
Transportation Expenses	51,462,479	12,930
General Expenses	3,847,194	967

Ratio of Operating Expenses to Gross Earnings, 71.4 per cent.

*This Surplus before deducting \$4,538,981 for Extraordinary Expenditures, \$234,601 paid account of Sinking Funds, etc., and \$3,799,267 for Principal of Car Trusts. Prior to the year 1905, payments account of Sinking Funds and for Principal of Car Trusts were included in the Fixed Charges in the annual reports.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	26.7%	29.1%	26.9%	27.0%	25.1%	25.8%
For Traffic, Transportation and General Expenses.....	37.9%	37.9%	36.3%	36.9%	38.0%	37.7%
For Fixed Charges.....	16.7%	14.2%	14.6%	15.4%	17.8%	17.8%
For Surplus	18.7%	18.8%	22.2%	20.7%	19.1%	18.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road.....	4,269,464	5,502,007	4,742,081	4,398,316
Passenger miles per mile of road	368,341	417,591	383,248	340,003
Miles, second and additional main track	2,149	2,123	2,110	2,016
Miles, yards and sidings.....	3,421	3,466	3,371	3,146

See Notes, page 235.

PENNSYLVANIA CO.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1899	1,357	\$23,603,853	1904	1,526	\$36,390,582
1900	1,357	25,407,562	1905	1,389	40,596,439
1901	1,396	29,054,545	1906	1,411	46,036,806
1902	1,430	33,025,648	1907	1,414	51,337,432
1903	1,526	36,602,935	1908	1,416	59,423,796

See Notes for earnings for 1909.

STOCK OUTSTANDING

Dec. 31, 1908

*Common \$60,000,000

*Increased to \$80,000,000. (See Notes.)

†Includes 48,262,548, 3¼ per cent. French Franc Loan due 1921.

BONDS OUTSTANDING

Dec. 31, 1908

†Fixed Interest.....\$127,112,548

CAPITALIZATION

	Total	Per Mile
Stock	\$60,000,000	\$42,373
Bonds	127,112,548	89,769
Total	187,112,548	132,142

The Pennsylvania Co. paid in 1908 \$9,077,647 in rentals (included in Fixed Charges below). Of this amount, \$6,713,400 represent fixed rentals. Fixed Charges include also \$670,203 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

(All lines directly operated.)

Average miles operated, 1,416.	Total	Per Mile
Gross Earnings	\$39,423,796	\$27,842
Operating Expenses	24,940,838	17,614
Net Earnings	14,482,958	10,228
Other Income	11,424,571	8,068
Total Net Income.....	25,907,529	18,296
Fixed Charges (including for Taxes, \$1,710,798)...	16,827,519	11,884
*Surplus (1909 surplus \$10,881,668).....	9,080,010	6,412

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$3,474,459	\$2,454
Maintenance of Equipment.....	6,076,086	4,291
Traffic Expenses	727,772	514
Transportation Expenses	13,740,580	9,704
General Expenses	921,941	651

Ratio of Operating Expenses to Gross Earnings, 63.3 per cent.

*This Surplus before deducting \$2,500,000 transferred to Extraordinary Expenditure Fund, \$267,990 paid account of Principal of Car Trusts and \$1,677,305 representing payment of Loan Certificates and contributions to Sinking Funds. Prior to 1906 Car Trust payments were included in Fixed Charges.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	18.8%	25.4%	25.3%	24.8%	22.2%	24.4%
For Traffic, Transportation and General Expenses.....	30.3%	30.6%	31.6%	33.8%	34.9%	36.6%
For Fixed Charges.....	33.1%	28.3%	26.9%	28.5%	31.0%	26.9%
For Surplus	17.8%	15.7%	16.2%	12.9%	11.9%	12.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	3,313,860	4,756,525	4,263,587	3,734,795
Passenger miles per mile of road	251,286	273,964	244,202	214,968
Miles, second and additional main track	828	826	815	.....
Miles, yards and sidings.....	1,283	1,276	1,238	.....

See Notes, page 241.

PHILADELPHIA, BALTIMORE & WASHINGTON R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6*	669	\$9,047,131	\$1,231,473	1903†	704	\$13,650,207	\$2,660,721
1896-7*	669	8,791,436	1,298,107	1904	708	13,603,863	2,120,079
1897-8*	669	9,601,563	1,271,603	1905	706	14,676,204	2,653,765
1898-9*	669	10,392,806	1,574,584	1906	706	15,941,241	2,782,552
1899-0*	670	11,324,532	1,896,997	1907	715	17,255,572	1,988,876
1900-1*	704	11,808,649	2,288,742	1908	716	16,126,570	1,456,559
1901-2*	702	12,231,194	2,393,263				

*Philadelphia, Wilmington & Baltimore R. R., year ending October 31.
†Year ending December 31.

See Notes for earnings for 1909.

STOCK OUTSTANDING

Dec. 31, 1908

Common.....\$25,138,975

BONDS OUTSTANDING

Dec. 31, 1908

*Fixed Interest.....\$25,284,623

*Includes \$5,000,000 Debenture Bonds issued in 1908; \$6,081,505 Accounts Payable were paid off during the year.

CAPITALIZATION

	Total	Per Mile
Stock	\$25,138,975	\$35,110
Bonds	25,284,623	35,314
Total	50,623,598	70,424

The Philadelphia, Baltimore & Washington R. R. paid in 1908 \$1,220,721 in rentals (included in Fixed Charges below). Of this amount, \$937,798 represented rentals paid on basis of net earnings.

Fixed Charges below include also \$135,065 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

	Total	Per Mile
Average miles operated, 716.		
Gross Earnings	\$16,126,570	\$22,523
Operating Expenses	12,285,374	17,158
Net Earnings	3,841,196	5,365
Other Income	739,201	1,032
Total Net Income.....	4,580,397	6,397
Fixed Charges (including for Taxes, \$526,564)....	3,123,838	4,363
*Surplus	1,456,559	2,034

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$1,991,906	\$2,782
Maintenance of Equipment.....	2,686,535	3,752
Traffic Expenses	262,130	366
Transportation Expenses	6,992,555	9,766
General Expenses	352,248	492

Ratio of Operating Expenses to Gross Earnings, 76.2 per cent.

*This Surplus before deducting \$433,513 for Extraordinary Expenditures and \$17,526 paid account of Principal of Car Trusts.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	27.7%	29.6%	26.8%	26.4%	25.1%	24.6%
For Traffic, Transportation and General Expenses....	45.1%	45.1%	42.6%	43.3%	45.2%	43.9%
For Fixed Charges.....	18.5%	14.2%	14.0%	13.1%	14.7%	12.9%
For Surplus	8.7%	11.1%	16.6%	17.2%	15.0%	18.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	1,170,036	1,257,153	1,125,965	1,027,117
Passenger miles per mile of road	485,195	527,190	492,612	453,511
Miles, second and additional main track	339	342	343	333
Miles, yards and sidings.....	331	335	328	313

See Notes, page 243.

PITTSBURGH & LAKE ERIE R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1898	180	\$5,071,376	\$707,289	1904	191	\$10,035,510	\$1,472,889
1899	180	5,875,270	901,348	1905	191	12,837,736	*6,453,634
1900	180	7,122,814	880,924	1906	191	14,481,495	*7,418,437
1901	184	8,047,167	950,642	1907	191	14,904,401	*7,043,513
1902	185	10,098,707	1,372,169	1908	191	10,397,843	*4,083,799
1903	191	11,283,045	1,631,469				

*See below under Income Account.

See Notes for earnings for 1909.

STOCK OUTSTANDING

Dec. 31, 1908

*Common.....\$10,000,000

*Increased in January, 1909, to \$15,000,000 by sale at par of \$5,000,000 new stock and further increased to \$21,000,000 in February, 1910, by sale of \$6,000,000 stock at par.

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....\$4,000,000

CAPITALIZATION

	Total	Per Mile
Stock	\$10,000,000	\$52.356
Bonds	4,000,000	20.942
Total	14,000,000	73.298

The Pittsburgh & Lake Erie R. R. paid in 1908 \$517,591 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

	Total	Per Mile
Average miles operated, 191.		
Gross Earnings	\$10,397,843	\$54.439
Operating Expenses	5,415,097	28.351
Net Earnings	4,982,746	26.088
Other Income	50,928	.267
Total Net Income.....	5,033,674	26.355
Fixed Charges (including for Taxes, \$202,423)....	949,875	4.973
*Surplus	4,083,799	21.382

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$1,363,052	\$7.136
Maintenance of Equipment.....	968,054	5.068
Conducting Transportation	2,825,279	14.792
General Expenses	258,712	1.355

Ratio of Operating Expenses to Gross Earnings, 52.1 per cent.

*This Surplus before deducting \$2,743,906 for Extraordinary Expenditures (New Construction and New Additional Equipment) against \$4,543,171 so expended in 1907, \$4,933,416 in 1906 and \$4,310,707 in 1905. Prior to 1905 similar items were included in Maintenance Expenses. This explains the marked variations in the ratios given below.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	22.3%	21.2%	18.1%	20.2%	49.1%	46.9%
For Conducting Transportation and General Expenses.....	29.5%	25.4%	24.9%	22.9%	27.7%	30.9%
For Fixed Charges.....	9.1%	6.4%	6.1%	6.7%	8.5%	7.6%
For Surplus	39.1%	47.0%	50.9%	50.2%	14.7%	14.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	6,762,316	9,728,612	10,186,442	8,828,236
Passenger miles per mile of road	396,633	434,550	389,957	339,526
Miles, second and additional main track	222	216	210	189
Miles, yards and sidings.....	431	427	408	404

See Notes, page 245.

READING CO.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1901-2	1,003	\$29,170,378	\$5,249,713	1905-6	1,000	\$39,658,041	\$12,514,209
1902-3	1,010	31,708,524	7,293,874	1906-7	1,000	42,676,278	11,934,616
1903-4	1,012	34,250,489	10,204,338	1907-8	1,007	39,878,882	11,672,424
1904-5	1,015	36,832,070	10,729,365	1908-9	1,024	39,060,234	12,019,842

STOCK OUTSTANDING

June 30, 1909

Common.....	\$70,000,000
Preferred, 1st (4%)...	28,000,000
Preferred, 2d (4%)...	42,000,000

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....	\$175,870,097
Equipment	4,965,000

*Includes all bonds of Reading Co., P. & R. Ry. Co. and P. & R. Coal & Iron Co. Of above bonds there are owned by the Reading Co. \$20,000,000 Purchase Money Loan of Ry. Co., \$2,840,000 General Mortgage bonds, \$1,210,000 Equipment Trust Certificates, \$1,200,000 Purchase Money Mortgage Bonds of the Reading Co. and \$533,000 Central R.R. of New Jersey stock collateral bonds. The Fixed Charges below, however, do not include amounts paid by the P. & R. Ry. to the Reading Co. for interest and rents.

CAPITALIZATION

	Total	Per Mile
Stock	\$140,000,000	\$136,719
Bonds	180,835,097	176,597
Total	320,835,097	313,316

Fixed Charges below include over \$2,500,000 net, paid by the P. & R. Ry. in rentals which accrued to others than the Reading Co.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,024.	Total	Per mile
Gross Earnings	\$39,060,234	\$38,145
Operating Expenses	23,825,679	23,267
Net Earnings	15,234,555	14,878
Other Income	7,267,787	7,097
Total Net Income.....	22,502,342	21,975
Fixed Charges	10,482,500	10,237
*Surplus	12,019,842	11,738

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$3,319,800	\$3,242
Maintenance of Equipment.....	7,553,634	7,377
Traffic Expenses	436,194	426
Transportation Expenses.....	11,829,705	11,552
General Expenses	686,346	670

Ratio of Operating Expenses to Gross Earnings, 61.0 per cent.

*This Surplus before deducting \$2,977,927 for Extraordinary Expenditures, against \$2,223,671 in 1907-8.

Other Income above includes \$1,346,055 net profits of P. & R. Coal & Iron Co., also \$935,003 paid by the Coal & Iron Co. to the Reading Co. and \$436,312 net earnings from Outside Operations.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	23.5%	25.0%	23.9%	21.1%	19.5%	21.5%
For Traffic, Transportation and General Expenses.....	28.0%	28.5%	29.6%	27.9%	26.0%	27.4%
For Fixed Charges.....	22.6%	22.0%	21.9%	23.1%	24.7%	26.0%
For Surplus	25.9%	24.5%	24.6%	27.9%	29.8%	25.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	1908-9	1907-8	1906-7	1905-6		
Ton miles per mile of road....	3,816,747	4,162,477	4,438,524	4,103,534		
Passenger miles per mile of road	362,589	363,279	403,897	389,169		
Miles, second, etc., main track	590	590	575	540		
Miles, yards and sidings.....	1,097	1,075	1,064	1,054		

See Notes, page 246.

ULSTER & DELAWARE R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1901-2	129	\$651,962	\$50,233	1905-6	129	\$913,837	\$99,248
1902-3	129	700,118	60,491	1906-7	129	888,770	49,003
1903-4	129	784,225	64,436	1907-8	129	936,698	1,652
1904-5	129	822,836	80,535	1908-9	129	1,024,439	101,300

STOCK OUTSTANDING

June 30, 1909

Common..... \$1,900,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest..... \$3,000,000

CAPITALIZATION

	Total	Per Mile
Stock	\$1,900,000	\$14,729
Bonds	3,000,000	23,256
Total	4,900,000	37,985

The Ulster & Delaware R. R. paid in 1908-9 \$780 in rentals (included in Fixed Charges below).

Fixed Charges below include \$33,632 for Hire of Equipment and \$1,341 Net Deficit from Outside Operations.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 129.

	Total	Per Mile
Gross Earnings	\$1,024,439	\$7,941
Operating Expenses	709,775	5,502
Net Earnings	314,664	2,439
Other Income	3,280	25
Total Net Income.....	317,944	2,464
Fixed Charges (including for Taxes, \$39,367).....	216,614	1,679
Surplus	101,300	785

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$127,742	\$990
Maintenance of Equipment.....	124,890	968
Traffic Expenses	18,280	142
Transportation Expenses	410,298	3,181
General Expenses	28,565	221

Ratio of Operating Expenses to Gross Earnings, 69.3 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	24.6%	29.3%	24.7%	26.2%	25.2%	25.8%
For Traffic, Transportation and General Expenses.....	44.5%	48.6%	51.0%	44.9%	45.5%	45.6%
For Fixed Charges.....	21.1%	21.9%	18.7%	18.0%	19.5%	20.3%
For Surplus	9.8%	0.2%	5.6%	10.9%	9.8%	8.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	341,035	306,486	241,478	313,427
Passenger miles per mile of road	104,182	99,230	94,300	87,538
Miles, yards and sidings.....	28	28	28	27

See Notes, page 249.

WEST JERSEY & SEASHORE R. R.

Avg. Miles		Gross	Surplus	Year	Oper.	Gross	Surplus
Year	Oper.			Avg. Miles			
1896	310	\$2,554,920	\$263,224	1903	321	\$4,260,460	\$568,742
1897	310	2,550,940	286,996	1904	321	4,307,597	687,861
1898	310	2,682,124	332,854	1905	322	4,652,405	967,202
1899	322	3,114,192	566,405	1906	358	5,206,284	797,648
1900	322	3,490,457	653,946	1907	363	5,654,904	655,194
1901	320	3,678,693	636,746	1908	*356	5,114,889	527,184
1902	322	3,893,798	716,980				

*Includes 35 miles operated under trackage rights.

See Notes for earnings for 1909.

STOCK OUTSTANDING

Dec. 31, 1908

Common.....	\$9,643,305
Guaranteed	104,000

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....	\$6,869,800
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CAPITALIZATION

	Total	Per Mile
Stock	\$9,747,305	\$27,380
Bonds	6,869,800	19,297
Total	16,617,105	46,677

The West Jersey & Seashore R. R. paid in 1908 \$12,188 in rentals (included in Fixed Charges below). Fixed Charges include also \$21,143 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

	Total	Per Mile
Average miles operated, 356.		
Gross Earnings	\$5,114,889	\$14,368
Operating Expenses	3,944,489	11,080
Net Earnings	1,170,400	3,288
Other Income	84,609	238
Total Net Income	1,255,009	3,526
Fixed Charges (including for Taxes, \$242,131)....	727,825	2,044
*Surplus	527,184	1,482

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$782,478	\$2,198
Maintenance of Equipment	618,219	1,737
Traffic Expenses	136,835	384
Transportation Expenses	2,307,050	6,480
General Expenses	99,907	281

Ratio of Operating Expenses to Gross Earnings, 77.1 per cent.

*This Surplus before deducting \$78,200 for Extraordinary Expenditures, \$2,650 paid account of Principal of Car Trusts, and \$54,430 paid account of Sinking Fund.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	26.9%	27.0%	28.3%	28.1%	28.9%	30.9%
For Traffic, Transportation and General Expenses....	48.9%	50.2%	47.1%	43.9%	46.6%	46.9%
For Fixed Charges	14.0%	11.4%	9.4%	7.4%	8.5%	9.0%
For Surplus	10.2%	11.4%	15.2%	20.6%	16.0%	13.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road.....	193,589	211,797	187,242	171,704
Passenger miles per mile of road	642,397	695,114	599,598	603,582
Miles, second and additional main track	154	151	148	99
Miles, yards and sidings.....	112	111	109	106

See Notes, page 249.

ANN ARBOR R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	292	\$1,415,559	\$62,592	1903-4	292	\$1,979,047	\$175,853
1898-9	292	1,519,334	17,986	1904-5	292	1,922,593	266,299
1899-0	292	1,721,453	67,024	1905-6	292	2,175,231	430,705
1900-1	292	1,754,148	113,921	1906-7	296	2,182,518	377,473
1901-2	292	1,893,410	187,857	1907-8	296	1,882,782	60,396
1902-3	292	2,037,215	266,131	1908-9	*301	1,708,481	22,244

*Includes 9 miles of trackage.

STOCK OUTSTANDING

June 30, 1909	
Common.....	\$3,250,000
Preferred (5%).....	4,000,000

BONDS OUTSTANDING

June 30, 1909	
Fixed Interest.....	\$7,000,000
Equipment.....	70,000

CAPITALIZATION		Total	Per Mile
Stock		\$7,250,000	\$24,086
Bonds		7,070,000	23,489
Total		14,320,000	47,575

The Ann Arbor R. R. paid in 1908-9 \$13,396 in rentals (included in Fixed Charges below). Fixed Charges include also \$174,643 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 301.		Total	Per Mile
Gross Earnings		\$1,708,481	\$5,676
Operating Expenses		1,197,313	3,978
Net Earnings		511,168	1,698
Other Income		128,738	428
Total Net Income		639,906	2,126
Fixed Charges (including for Taxes, \$147,967)....		617,662	2,052
*Surplus		22,244	74

OPERATING EXPENSES

		Total	Per Mile
Maintenance of Way		\$254,718	\$846
Maintenance of Equipment		193,865	644
Traffic Expenses		38,214	127
Transportation Expenses		662,157	2,200
General Expenses		48,359	161

Ratio of Operating Expenses to Gross Earnings, 70.1 per cent.

*This Surplus before deducting \$4,153 for Extraordinary Expenditures.

Other Income above includes \$27,250 Net Income from Outside Operations (boats and café cars). Earnings from these operations were \$182,592 and Expenses \$155,342. In previous years these items were included in Gross Earnings and Operating Expenses.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	24.4%	27.2%	24.6%	27.3%	30.3%	32.2%
For Traffic, Transportation and General Expenses....	40.8%	42.2%	39.4%	35.9%	38.7%	41.8%
For Fixed Charges	33.6%	27.5%	18.9%	17.3%	17.3%	17.1%
For Surplus	1.2%	3.1%	17.1%	19.5%	13.7%	8.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road.....	844,880	949,141	992,424	944,505
Passenger miles per mile of road	84,181	79,282	71,954	69,284
Miles, yards and sidings.....	108	104	103	99

See Notes, page 250.

CHICAGO & ALTON R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1900-1	919	\$9,036,655	\$1,149,742	1905-6	970	\$11,586,094	\$1,009,980
1901-2	920	9,225,739	825,341	1906-7	970	12,809,426	1,827,561
1902-3	915	10,071,092	880,769	1907-8	994	12,087,735	1,320,912
1903-4	915	11,425,853	1,324,146	1908-9	998	12,500,682	1,666,261
1904-5	915	11,797,314	1,602,355				

STOCK OUTSTANDING

June 30, 1909

Common.....	\$19,542,800
*Preferred (4%).....	879,300
Preferred (4%).....	19,544,000

*This issue is cumulative and is styled "prior lien and participating preferred stock."

†\$6,000,000 Collateral 5 per cent. Notes due 1912 were paid off in 1909 and are not included. \$8,000,000 C. & A. R. R. 3 per cent. bonds which had been deposited as Collateral for these Notes were sold and are included above.

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$68,466,000
Equipment.....	5,313,855
Guaranteed Stocks....	3,693,200

CAPITALIZATION

	Total	Per Mile
Stock	\$39,966,100	\$40,046
Bonds	77,473,055	77,629
Total	117,439,155	117,675

Fixed Charges below include \$241,024 dividends on guaranteed stocks (rentals), \$171,994 for other rentals, and \$195,543 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

	Total	Per Mile
Average miles operated, 998.		
Gross Earnings	\$12,500,682	\$12,526
Operating Expenses	7,408,598	7,424
Net Earnings	5,092,084	5,102
Other Income	103,673	104
Total Net Income	5,195,757	5,206
Fixed Charges (including for Taxes, \$380,153)....	3,529,496	3,536
Surplus	1,666,261	1,670

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$1,220,274	\$1,223
Maintenance of Equipment.....	1,248,746	1,251
Traffic Expenses	504,398	505
Transportation Expenses	4,077,010	4,085
General Expenses	358,170	360

Ratio of Operating Expenses to Gross Earnings, 59.3 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	19.6%	24.2%	23.6%	24.3%	23.6%	22.9%
For Traffic, Transportation and General Expenses....	39.2%	38.8%	39.0%	42.8%	40.5%	41.6%
For Fixed Charges	28.0%	26.1%	23.1%	24.2%	22.4%	24.2%
For Surplus	13.2%	10.9%	14.3%	8.7%	13.5%	11.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	1,342,532	1,264,672	1,429,398	1,210,611
Passenger miles per mile of road	210,263	190,597	186,296	171,061
Miles, second and additional main track	146	146	146	126
Miles, yards and sidings.....	352	342	333	327

See Notes, page 252.

CHICAGO & EASTERN ILLINOIS R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1895-6	521	\$4,014,623	1902-3	743	\$7,723,848
1896-7	590	3,927,610	1903-4	752	8,664,042
1897-8	648	4,221,438	1904-5	880	8,423,378
1898-9	648	4,581,561	1905-6	948	9,928,563
1899-0	674	5,148,897	1906-7	948	11,337,714
1900-1	719	5,659,446	1907-8	957	10,742,731
1901-2	730	6,277,494	1908-9	*966	10,269,619
					695,171

*Includes 146 miles trackage.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$7,217,800
Preferred (6%).....	8,830,700

*Includes \$2,955,000 Refunding and Improvement Mortgage 4 per cent. bonds in Treasury. Bills Payable (not included above) were \$1,425,000.

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....	\$40,437,000
Equipment.....	8,391,348

CAPITALIZATION

	Total	Per Mile
Stock	\$16,048,500	\$16,613
Bonds	48,828,348	50,547
Total	64,876,848	67,160

The Chicago & Eastern Illinois R. R. paid in 1908-9 \$759,232 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 966.	Total	Per Mile
Gross Earnings	\$10,269,619	\$10,631
Operating Expenses	6,934,534	7,179
Net Earnings	3,335,085	3,452
Other Income	585,604	606
Total Net Income	3,920,689	4,058
Fixed Charges (including for Taxes, \$274,115)....	3,225,518	3,339
Surplus	695,171	719

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$994,710	\$1,030
Maintenance of Equipment	1,663,759	1,722
Traffic Expenses	210,012	217
Transportation Expenses	3,635,686	3,764
General Expenses	430,367	446

Ratio of Operating Expenses to Gross Earnings, 67.5 per cent.

Other Income above includes \$61,995 from Hire of Equipment.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	24.5%	23.7%	26.7%	22.2%	23.2%	20.6%
For Traffic, Transportation and General Expenses.....	39.4%	38.6%	35.1%	41.9%	43.9%	39.7%
For Fixed Charges	29.7%	27.9%	23.9%	24.7%	23.8%	20.4%
For Surplus	6.4%	9.8%	14.3%	11.2%	9.1%	19.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	1,741,878	1,913,361	2,048,143	1,823,716
Passenger miles per mile of road	98,972	99,959	84,809	78,836
Miles, second and additional main track	177	175	175	171
Miles, yards and sidings.....	510	506	493	483

See Notes, page 253.

CHICAGO & NORTHWESTERN RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	5,071	\$36,050,561	\$5,755,147	1903-4	7,404	\$53,334,634	\$9,399,742
1898-9	5,077	38,016,314	7,158,595	1904-5	7,408	55,745,275	10,417,822
1899-0	5,219	42,950,805	10,061,556	1905-6	7,429	63,481,577	14,800,552
1900-1	5,507	43,098,587	9,821,287	1906-7	7,551	68,878,931	15,740,566
1901-2	5,760	46,644,121	10,574,826	1907-8	7,631	63,219,344	13,638,691
1902-3	6,332	49,842,781	10,380,261	1908-9	7,635	65,978,471	13,935,294

STOCK OUTSTANDING

June 30, 1909

*Common.....\$99,618,839

†Preferred (7%).....22,395,120

*See Notes regarding \$30,502,800 additional common stock subscribed for at par in February, 1910.

†See Notes as to provisions regulating the payment of dividends on the Preferred Stock.

‡Includes \$4,640,500 bonds in Sinking Funds and \$11,281,000 bonds in Company's Treasury and due from Trustee.

BONDS OUTSTANDING

June 30, 1909

‡Fixed Interest.....\$172,173,000

CAPITALIZATION

	Total	Per Mile
Stock	\$122,013,959	\$15,981
Bonds	172,173,000	22,550
Total	294,186,959	38,531

The Chicago & Northwestern Ry. paid in 1908-9 \$818,848 in rentals (included in Fixed Charges below). Fixed Charges include also \$224,500 paid account of Sinking Funds.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

	Total	Per Mile
Average miles operated, 7,635.		
Gross Earnings	\$65,978,471	\$8,642
Operating Expenses	43,191,239	5,657
Net Earnings	22,787,232	2,985
†Other Income	2,538,155	332
Total Net Income	25,325,387	3,317
Fixed Charges (including for Taxes, \$2,714,632)....	11,390,093	1,492
Surplus	13,935,294	1,825

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$8,422,265	\$1,103
Maintenance of Equipment	7,845,969	1,028
Traffic Expenses	1,127,864	147
Transportation Expenses	24,666,862	3,231
General Expenses	1,128,279	148

Ratio of Operating Expenses to Gross Earnings, 65.5 per cent.

†From Other Income as shown in the annual report of the Company there has been deducted the sum of \$15,907 representing Net Deficit from Outside Operations. Other Income above includes \$1,029,000 dividends received on C. St. P. M. & O. Ry. stock.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	23.8%	22.4%	24.9%	24.4%	24.2%	23.1%
For Traffic, Transportation and General Expenses....	39.3%	40.5%	38.5%	36.7%	39.4%	41.4%
For Fixed Charges.....	16.6%	16.4%	14.3%	16.1%	18.2%	18.3%
For Surplus	20.3%	20.7%	22.3%	24.8%	18.2%	17.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	637,012	633,867	718,947	694,047
Passenger miles per mile of road	122,100	113,937	106,723	94,653
Miles, second, etc., main track	981	977	973	862
Miles, yards and sidings.....	2,907	2,873	2,763	2,687

See Notes, page 255.

CHICAGO, BURLINGTON & QUINCY R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896-7	7,180	\$35,526,186	\$3,807,847	1903-4	*8,799	\$65,228,192	\$12,814,917
1897-8	7,180	42,800,162	6,082,792	1904-5	*8,871	65,973,046	13,804,778
1898-9	7,249	43,389,425	6,728,299	1905-6	*8,896	74,146,671	12,742,431
1899-0	7,546	47,535,420	7,928,761	1906-7	*9,122	82,473,251	13,158,207
1900-1	7,753	50,051,989	8,125,408	1907-8	*9,236	78,459,064	12,115,489
1901-2	8,109	53,795,246	10,083,011	1908-9	*9,282	79,414,357	12,338,136
1902-3	8,391	62,638,379	13,326,108				

*Includes all mileage operated and controlled.

STOCK OUTSTANDING

June 30, 1909

Common.....\$110,839,100

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....\$203,373,000

*Includes \$18,443,100 bonds in Sinking Funds.

CAPITALIZATION

	Total	Per Mile
Stock	\$110,839,100	\$11,941
Bonds	203,373,000	21,911
Total	314,212,100	33,852

Fixed Charges below include \$1,134,825 paid account of Sinking Funds; also \$630,199 debit balance "Outside Operations, Rents and Miscellaneous Income."

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

(All roads operated and controlled.)

Average miles operated, 9,282.	Total	Per Mile
Gross Earnings	\$79,414,357	\$8,556
Operating Expenses	55,347,759	5,963
Net Earnings	24,066,598	2,593
Total Net Income	24,066,598	2,593
Fixed Charges (including for Taxes, \$2,546,928) ..	11,728,462	1,264
*Surplus	12,338,136	1,329

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$13,203,214	\$1,422
Maintenance of Equipment	13,510,266	1,456
Traffic Expenses	1,594,996	172
Transportation Expenses	24,927,016	2,686
General Expenses	2,112,267	227

Ratio of Operating Expenses to Gross Earnings. 69.7 per cent.

*This Surplus before deducting \$2,268,816 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	33.6%	34.6%	35.2%	33.4%	28.5%	28.6%
For Traffic, Transportation and General Expenses.....	36.1%	36.8%	35.8%	35.6%	35.2%	36.8%
For Fixed Charges.....	14.8%	13.2%	13.1%	13.9%	15.4%	14.9%
For Surplus	15.5%	15.4%	15.9%	17.1%	20.9%	19.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	719,930	720,645	785,999	713,568
Passenger miles per mile of road	114,897	110,054	98,674	90,139
Miles, second and additional main track	638	638	592	526
Miles, yards and sidings.....	...	2,525	2,434	2,287
Miles, narrow gauge	73	72	- 72	68

See Notes, page 258.

CHICAGO GREAT WESTERN R. R.

Chicago Great Western Ry. (818 miles). Mason City & Ft. Dodge R. R. (387 miles). Wisconsin, Minnesota & Pacific R. R. (272 miles).

Year	Avg. Miles Oper.	Gross	Deficit
1908-9	*1,487	\$10,715,816	†\$885,189

*Includes 74 miles trackage. †Estimated (see Income Account below).

*STOCK OUTSTANDING

BONDS OUTSTANDING

June 30, 1909	June 30, 1909
Common \$45,245,613	†Bonds C. Gt. W. (4%) \$18,500,000
Preferred (4%) 41,021,402	Mason C. & Ft. D. (4%) 12,000,000
	Wis., Minn. & Pac. (4%) 5,811,000

*Stocks of new company issued under Plan of Reorganization. Old company had outstanding \$44,525,420 common stock, \$11,336,900 Preferred "A" stock and \$23,051,942 Preferred "B" stock. See Notes.

†Bonds of new company. Old company had outstanding \$28,077,089 4% Debentures. Total capitalization of old company: stock, \$78,914,262; bonds, \$45,888,089; total, \$124,802,351. Per mile: stock, \$53,069; bonds, \$30,860; total, \$83,929.

CAPITALIZATION

	Total	Per Mile
Stock	\$86,267,015	\$58,014
Bonds	36,311,000	24,419
Total	122,578,015	82,433

The Chicago Great Western System paid in 1908-9 \$545,340 in rentals (included in Fixed Charges below).

Fixed Charges below include \$740,000 interest on \$18,500,000 4% bonds issued under Plan of Reorganization; interest, taxes and other charges of the M. C. & Ft. D. R. R. and the W., M. & Pac. R. R., also \$225,096 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

(For Consolidated System, arranged to show Approximate Charges and Surplus under new capitalization. Includes actual earnings and estimated charges of M. C. & Ft. D. R. R. and W., M. & P. R. R.)

Average miles operated, 1,487.	Total	Per Mile
Gross Earnings	\$10,715,816	\$7,206
Operating Expenses	9,063,661	6,095
Net Earnings	1,652,155	1,111
Other Income	44,913	30
Total Net Income	1,697,068	1,141
Fixed Charges (including for Taxes, \$350,645)....	2,582,257	1,736
*Deficit	885,189	595

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$1,528,181	\$1,027
Maintenance of Equipment	1,952,133	1,313
Traffic Expenses	464,197	312
Transportation Expenses	4,701,638	3,162
General Expenses	417,512	281

Ratio of Operating Expenses to Gross Earnings, \$4.6 per cent.

*Approximately correct.

In the report for 1908-9 of the System there was deducted for Additions and Betterments \$149,523; this deduction not included in above statement.

APPROPRIATION OF GROSS INCOME

	1908-9
For Maintenance Expenses	32.3%
For Traffic, Transportation and General Expenses	51.9%
For Fixed Charges	24.0%
For Surplus	Deficit

Miles, second and additional main track (owned June 30, 1908)	42
Miles, yards and sidings (owned June 30, 1908)	458

See Notes, page 259.

CHICAGO, INDIANA & SOUTHERN R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1905	...	\$2,115,044	1907	340	\$3,004,483
1906	340	2,332,732	1908	*341	2,900,422
		\$159,011			\$223,180
		283,160			†152,982

*Includes 28 miles trackage.

†Deficit.

See Notes for earnings for 1909.

STOCK OUTSTANDING

BONDS OUTSTANDING

Dec. 31, 1908		Dec. 31, 1908	
Common.....	\$15,000,000	Fixed Interest.....	\$20,000,000
Preferred	5,000,000		

Bills Payable on December 31, 1908, were \$700,000.

CAPITALIZATION

	Total	Per Mile
Stock	\$20,000,000	\$58,651
Bonds	20,000,000	58,651
Total	40,000,000	117,302

The Chicago, Indiana & Southern R. R. paid in 1908 \$40,785 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 341.

	Total	Per Mile
Gross Earnings	\$2,900,422	\$8,506
Operating Expenses	1,923,829	5,642
Net Earnings	976,593	2,864
Other Income	54,809	161
Total Net Income.....	1,031,402	3,025
Fixed Charges (including for Taxes, \$136,387)....	1,184,384	3,473
Deficit	152,982	448

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$327,524	\$961
Maintenance of Equipment	477,122	1,399
Conducting Transportation	997,752	2,926
General Expenses	121,431	356

Ratio of Operating Expenses to Gross Earnings, 66.3 per cent.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906
For Maintenance Expenses.....	27.2%	30.6%	29.4%
For Conducting Transportation and General Ex- penses	37.9%	32.2%	47.8%
For Fixed Charges.....	40.1%	30.0%	10.8%
For Surplus	Deficit	7.2%	12.0%
		100.0%	100.0%

	1908	1907	1906
Ton miles per mile of road.....	1,778,880	1,846,236	1,094,158
Passenger miles per mile of road.....	39,987	30,758	24,733
Miles, second and additional main track	41	22	159
Miles, yards and sidings.....	182	220	20

See Notes, page 264.

CHICAGO, INDIANAPOLIS & LOUISVILLE RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	537	\$3,291,972	\$162,898	1902-3	554	\$5,066,131	\$1,109,233
1896-7	535	2,902,760	*75,062	1903-4	592	5,300,623	1,119,362
1897-8	535	3,323,671	89,129	1904-5	592	5,609,751	1,114,949
1898-9	535	3,501,121	274,748	1905-6	592	5,921,001	1,197,636
1899-0	535	4,177,888	685,680	1906-7	600	5,988,867	995,026
1900-1	535	4,150,471	652,775	1907-8	611	5,167,160	362,363
1901-2	535	4,581,158	886,175	1908-9	†616	5,319,386	502,887

*Deficit.

†Includes 98 miles trackage.

STOCK OUTSTANDING

June 30, 1909	
Common.....	\$10,500,000
Preferred (4%)	5,000,000

*Includes \$1,558,000 Refunding Mortgage 5 per cent. bonds held in the treasury.

BONDS OUTSTANDING

June 30, 1909	
*Fixed Interest.....	\$15,000,000

CAPITALIZATION

	Total	Per Mile
Stock	\$15,500,000	\$25,162
Bonds	15,000,000	24,351
Total	30,500,000	49,513

The Chicago, Indianapolis & Louisville Ry. paid in 1908-9 \$73,322 in rentals for lease of other roads and \$308,785 in rentals for joint facilities (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 616.

	Total	Per Mile
Gross Earnings	\$5,319,386	\$8,635
Operating Expenses	3,653,780	5,931
Net Earnings	1,665,606	2,704
Other Income	252,302	410
Total Net Income.....	1,917,908	3,114
Fixed Charges (including for Taxes, \$260,815)....	1,415,021	2,297
Surplus	502,887	817

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$777,957	\$1,263
Maintenance of Equipment.....	796,980	1,294
Traffic Expenses	152,147	247
Transportation Expenses	1,761,205	2,859
General Expenses	165,461	268

Ratio of Operating Expenses to Gross Earnings. 68.7 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	28.3%	30.5%	27.0%	25.9%	24.9%	24.7%
For Traffic, Transportation and General Expenses....	37.3%	38.3%	35.7%	34.3%	34.4%	33.0%
For Fixed Charges.....	25.4%	24.5%	21.3%	20.3%	21.4%	22.2%
For Surplus	9.0%	6.7%	16.0%	19.5%	19.3%	20.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mille of road....	685,665	673,293	864,228	883,822
Passenger miles per mile of road	121,816	117,629	117,810	114,224
Miles, yards and sidings.....	230	226	215	219

See Notes, page 265.

CHICAGO, MILWAUKEE & ST. PAUL RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1900-1	6,512	\$42,369,013	\$10,479,414	1905-6	6,961	\$55,423,053	\$15,547,320
1901-2	6,605	45,613,125	12,115,458	1906-7	7,050	60,548,554	13,866,775
1902-3	6,647	47,662,738	11,578,260	1907-8	7,500	56,932,620	11,517,530
1903-4	6,829	48,330,335	11,425,976	1908-9	*7,512	59,897,463	12,881,832
1904-5	6,908	49,884,114	12,478,783				

*Does not include mileage of Pacific Extension (1,489 miles) completed July, 1909.

STOCK OUTSTANDING

June 30, 1909

*Common.....	\$116,274,900
*Preferred (7%)	116,348,200

*Includes \$66,328,500 Preferred Stock and \$33,164,300 Common Stock issued March 1, 1909, the proceeds from sale of which were used to construct the Pacific Extension, the mileage and operations of which are not included in the Income Account. (See Notes.)

†Does not include \$27,828,000 bonds in the Treasury and due from Trustees, the interest on which is not included in Fixed Charges.

BONDS OUTSTANDING

June 30, 1909

†Fixed Interest.....	\$115,765,500
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	Total	Per Mile
Stock	\$232,623,100	\$30,967
Bonds	115,765,500	15,411
Total	348,388,600	46,378

In the Income Account below there is not included \$230,369 net receipts from miscellaneous sources. This sum is not included in the summary of the year's operations as shown in the annual report of the Company. It represents the excess of Rents Received, Revenue from Outside Operation and Income from other sources (total \$2,717,051) over Rents Paid, Hire of Equipment and Expenses of Outside Operations (total \$2,486,682).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 7,512.		Total	Per Mile
Gross Earnings		\$59,897,463	\$7,974
Operating Expenses		38,731,238	5,156
Net Earnings		21,166,225	2,818
Total Net Income.....		21,166,225	2,818
Fixed Charges (including for Taxes, \$2,428,676)..		8,284,393	1,103
Surplus		12,881,832	1,715

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$7,288,602	\$970
Maintenance of Equipment	7,270,774	968
Traffic Expenses	1,334,006	178
Transportation Expenses	21,764,471	2,897
General Expenses	1,073,385	143

Ratio of Operating Expenses to Gross Earnings, 64.7 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	24.3%	24.0%	23.8%	20.7%	21.0%	20.1%
For Traffic, Transportation and General Expenses.....	40.4%	41.3%	39.7%	37.6%	38.9%	40.9%
For Fixed Charges.....	13.8%	14.4%	13.6%	13.7%	15.1%	15.7%
For Surplus	21.5%	20.3%	22.9%	28.0%	25.0%	23.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
Ton miles per mile of road....	672,461	664,065	731,299	669,991		
Passenger miles per mile of road	89,733	82,596	77,957	71,607		
Miles, second, etc., main track	567	530	503	458		
Miles, yards and sidings.....	2,353	2,263	2,163	2,108		

See Notes, page 266.

CHICAGO, PEORIA & ST. LOUIS RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1900-1	*300	\$1,347,353	\$32,687	1905-6	+255	\$1,670,072	†\$78,272
1901-2	*300	1,462,776	66,253	1906-7	+255	1,685,856	30,374
1902-3	*300	1,710,170	141,650	1907-8	+255	1,477,981	†104,132
1903-4	*300	1,762,931	†\$7,776	1908-9	+255	1,564,833	†117,202
1904-5	†255	1,720,227	‡574				

*Includes Litchfield & Madison Ry. (44 miles). The C. P. & St. L. Ry. holdings of stock of this road were sold after the close of the year 1903-4.

†Includes 20 miles trackage.

‡Deficit.

*STOCK OUTSTANDING

June 30, 1909

Common.....	\$3,568,900
Preferred (5%)	3,689,715
Income Bonds (5%)	1,909,300

*Does not include \$1,100 common stock, \$60,285 preferred stock and \$90,700 income bonds held in Treasury. Under Plan of Reorganization (see Notes) all stocks and income bonds will be retired. The common stock (only class) to be issued as per Plan will amount to \$4,000,000 or \$15,686 per mile.

†Will remain practically the same under Plan of Reorganization. Interest Charges will, however, be decreased over \$15,000 (see Notes).

†BONDS OUTSTANDING

June 30, 1909

Prior Lien, 4½%	\$2,000,000
Consolidated, 5%	1,950,000
Equipment	178,853

CAPITALIZATION

	Total	Per Mile
Stock and Income Bonds.....	\$9,197,915	\$36,070
Bonds	4,128,853	16,192
Total	13,326,768	52,262

The Chicago, Peoria & St. Louis Ry. paid in 1908-9 \$35,944 in rentals (included in Fixed Charges below). Fixed Charges include also \$9,762 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 255.	Total	Per Mile
Gross Earnings	\$1,564,823	\$6,137
Operating Expenses	1,400,931	5,494
Net Earnings	163,902	643
Other Income	4,017	15
Total Net Income	167,919	658
Fixed Charges (including for Taxes, \$51,401)....	285,121	1,118
Deficit	117,202	460

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$205,753	\$807
Maintenance of Equipment	374,914	1,470
Traffic Expenses	73,699	289
Transportation Expenses	689,752	2,705
General Expenses	56,813	223

Ratio of Operating Expenses to Gross Earnings, 89.5 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	37.0%	39.0%	33.0%	34.2%	31.2%	36.0%
For Traffic, Transportation and General Expenses.....	52.3%	50.3%	51.6%	56.6%	55.7%	55.6%
For Fixed Charges	18.2%	17.6%	13.6%	13.8%	13.1%	13.4%
For Surplus	Deficit	Deficit	1.8%	Deficit	Deficit	Deficit

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	766,645	706,168	885,594	851,371
Passenger miles per mile of road	68,656	65,048	73,753	71,202
Miles, yards and sidings	80	81	79	81

See Notes, page 268.

CHICAGO, ST. PAUL, MINNEAPOLIS & OMAHA RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896	1,492	\$8,156,192	\$1,499,859	1903	1,660	\$12,055,271	\$2,751,726
1897	1,492	8,652,793	1,389,251	1904-5	1,683	11,926,000	2,641,130
1898	1,492	9,590,993	1,994,054	1905-6	1,803	12,943,750	3,018,140
1899	1,498	10,488,815	2,491,335	1906-7	1,705	14,035,309	2,843,233
1900	1,544	10,342,000	2,398,124	1907-8	1,725	12,865,694	2,105,054
1901	1,574	11,196,404	2,729,252	1908-9	1,734	13,524,650	2,262,240
1902	1,605	11,907,525	2,918,336				

Note: Prior to 1904-5 the fiscal year was the calendar year.

STOCK OUTSTANDING

June 30, 1909

*Common.....\$18,559,087
 *Preferred (7%) 11,259,912

*Does not include \$2,844,207 common stock and \$1,386,922 preferred stock held in Treasury.

†Includes \$190,097 bonds owned by Company.

BONDS OUTSTANDING

June 30, 1909

†Fixed Interest.....\$28,524,097

CAPITALIZATION

	Total	Per Mile
Stock	\$29,818,999	\$17,197
Bonds	28,524,097	16,450
Total	58,343,096	33,647

The Chicago, St. Paul, Minneapolis & Omaha Ry. paid in 1908-9 \$272,791 in rentals (included in Fixed Charges below). Fixed Charges include also \$1,712 deficit from Outside Operations and \$19,362 for balance—Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,734.

	Total	Per Mile
Gross Earnings	\$13,524,650	\$7,800
Operating Expenses	8,831,229	5,093
Net Earnings	4,693,421	2,707
Other Income	123,064	71
Total Net Income.....	4,816,485	2,778
Fixed Charges (including for Taxes, \$641,167)....	2,554,245	1,473
Surplus	2,262,240	1,305

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$1,643,784	\$948
Maintenance of Equipment.....	1,577,831	910
Traffic Expenses	266,402	154
Transportation Expenses	5,000,766	2,884
General Expenses	342,446	197

Ratio of Operating Expenses to Gross Earnings, 65.3 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903
For Maintenance Expenses.....	23.6%	24.2%	24.1%	21.9%	21.3%	23.5%
For Traffic, Transportation and General Expenses.....	41.1%	41.3%	39.9%	37.3%	38.2%	36.7%
For Fixed Charges.....	18.7%	18.3%	15.8%	17.5%	18.4%	16.9%
For Surplus	16.6%	16.2%	20.2%	23.3%	22.1%	22.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	1908-9	1907-8	1906-7	1905-6	1904-5	1903-6
Ton miles per mile of road....	550,956	538,340	625,176	555,375		
Passenger miles per mile of road	118,329	108,079	97,086	85,826		
Miles, second and additional main track	85	85	66	42		
Miles, yards and sidings.....	...	553	554	541		

See Notes, page 272.

CHICAGO TERMINAL TRANSFER R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1897-8	100	\$1,119,261	1903-4	102	\$1,570,766
1898-9	100	1,221,107	1904-5	102	1,540,113
1899-0	103	1,265,961	1905-6	102	1,761,833
1900-1	108	1,430,990	1906-7	102	1,716,491
1901-2	108	1,639,116	1907-8	101	1,819,948
1902-3	108	1,746,372	1908-9	101	1,799,609

*Deficit.

†Includes \$707,792 received from Tenants and Miscellaneous Income.

*STOCK OUTSTANDING

June 30, 1909

Common.....\$12,000,000
Preferred (4%) 17,000,000

The balance sheet of June 30, 1909, showed a liability of \$3,028,500 account of interest matured and unpaid on the \$15,195,000 First Mortgage 4 per cent. bonds.

*The authorized capital stock of company after reorganization will be \$8,000,000 common stock. New company will be known as the Baltimore & Ohio-Chicago Terminal R. R.

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....\$16,239,000
Receiver's Ctf's..... 150,000

CAPITALIZATION

	Total	Per Mile
Stock	\$30,000,000	\$297,030
Bonds	16,389,000	162,267
Total	46,389,000	459,297

Fixed Charges below include the amount of the annual interest on the Company's bonds although the interest is in default and has not been paid by the company since July, 1904. There is also included \$11,142 interest on Receiver's Certificates and \$8,958 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 101.	Total	Per Mile
Gross Earnings	\$1,799,609	\$17.818
Operating Expenses	1,022,919	10.128
Net Earnings	776,690	7.690
Total Net Income.....	776,690	7.690
Fixed Charges (including for Taxes, \$180,005)....	861,636	8.531
Deficit	84,946	841

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$161,523	\$1.599
Maintenance of Equipment.....	288,025	2.852
Traffic Expenses	9,625	.95
Transportation Expenses	507,771	5.028
General Expenses	55,975	.554

Ratio of Operating Expenses to Gross Earnings, 56.8 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	25.0%	28.7%	21.7%	19.0%	18.3%	21.4%
For Traffic, Transportation and General Expenses.....	31.9%	23.0%	29.8%	47.9%	44.2%	46.9%
For Fixed Charges.....	47.9%	46.1%	44.0%	43.3%	48.3%	44.5%
For Surplus	Deficit	Deficit	Deficit	Deficit	Deficit	Deficit

	1908-9	1907-8	1906-7	1905-6
Miles, second and additional main track	69	62	62	58
Miles, yards and sidings.....	118	117	116	117

See Notes, page 273.

CINCINNATI & MUSKINGUM VALLEY R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896	148	\$410,634	*\$39,985	1903	148	\$746,628	\$87,044
1897	148	446,458	*71,279	1904	148	704,372	50,245
1898	148	491,977	29,711	1905	148	834,095	98,627
1899	148	513,227	62,847	1906	148	845,396	119,739
1900	148	541,628	43,441	1907	148	933,813	157,861
1901	148	574,032	50,141	1908	148	783,888	127,365
1902	148	645,257	63,375				

*Deficit.

STOCK OUTSTANDING

Dec. 31, 1908

Common..... \$2,000,000

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest..... \$1,750,000

CAPITALIZATION

	Total	Per Mile
Stock	\$2,000,000	\$13,514
Bonds	1,750,000	11,824
Total	3,750,000	25,338

Fixed Charges below include \$4,393 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 148.

	Total	Per Mile
Gross Earnings	\$783,888	\$5,297
Operating Expenses	571,046	3,858
Net Earnings	212,842	1,439
Other Income	35,693	241
Total Net Income.....	248,535	1,680
Fixed Charges (including for Taxes, \$42,816)....	121,170	819
*Surplus	127,365	861

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$141,806	\$958
Maintenance of Equipment.....	101,594	687
Traffic Expenses	19,441	131
Transportation Expenses	293,273	1,981
General Expenses	14,932	101

Ratio of Operating Expenses to Gross Earnings, 72.8 per cent.

*This Surplus before deducting \$10,346 for Extraordinary Expenditures and \$11,199 paid account of Principal of Car Trusts. Prior to 1906 the payments on account of Car Trusts were included in Fixed Charges.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	29.7%	33.6%	36.4%	36.1%	31.7%	35.3%
For Traffic, Transportation and General Expenses....	40.0%	38.5%	37.8%	38.3%	44.3%	38.3%
For Fixed Charges.....	14.8%	11.7%	12.3%	13.8%	16.8%	14.7%
For Surplus	15.5%	16.2%	13.5%	11.8%	7.2%	11.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	375,140	503,018	454,877	402,984
Passenger miles per mile of road	61,532	59,661	58,031	56,103
Miles, yards and sidings.....	64	64	62	60

See Notes, page 275.

THE EARNING POWER

CINCINNATI, HAMILTON & DAYTON RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Deficit	Year	Oper.	Gross	Deficit
1904-5	1,032	\$8,008,918	\$363,779	1907-8	1,038	\$7,960,612	\$1,673,902
1905-6	1,038	8,398,418	1,147,631	1908-9	*1,036	7,897,048	1,691,922
1906-7	1,038	8,946,935	861,354				

Note: The Cincinnati, Hamilton & Dayton Ry. until recently was in the hands of a Receiver. No report has been issued for the year 1908-9.

*See Notes for statement of lines included in this mileage. This mileage includes 62 miles trackage.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$8,000,000
*Preferred	248,575

BONDS OUTSTANDING

June 30, 1909.

Fixed Interest.....	\$48,112,000
Equipment	1,830,000
Guaranteed Stocks....	3,713,200
Receiver's Certs	929,431

*\$7,751,425 additional preferred stock held in treasury will be retired under terms of Plan of Reorganization. See Notes for full detail as to Plan.

CAPITALIZATION

	Total	Per Mile
Stock	\$8,248,575	\$7,962
Bonds	54,584,631	52,688
Total	62,833,206	60,650

The Cincinnati, Hamilton & Dayton Ry. paid in 1908-9 \$370,247 in rentals and for trackage (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,036.

	Total	Per Mile
Gross Earnings	\$7,897,048	\$7,623
Operating Expenses	6,501,593	6,276
Net Earnings	1,395,455	1,347
Other Income	41,625	43
Total Net Income.....	1,437,080	1,387
Fixed Charges (including for Taxes, \$306,002)....	3,129,002	3,020
Deficit	1,691,922	1,633

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$1,979,363	\$1,933
Maintenance of Equipment	1,501,314	1,449
Traffic Expenses	255,627	247
Transportation Expenses	3,421,167	3,303
General Expenses	253,122	244

Ratio of Operating Expenses to Gross Earnings, 82.3 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6
For Maintenance Expenses	32.5%	33.9%	29.3%	29.9%
For Traffic, Transportation and General Expenses	49.5%	48.5%	45.6%	45.4%
For Fixed Charges	39.4%	37.9%	34.6%	38.0%
For Surplus	Deficit	Deficit	Deficit	Deficit

	1907-8	1906-7	1905-6	1904-5
Ton miles per mile of road.....	865,044	993,365	905,257	815,297
Passenger miles per mile of road	104,124	107,087	101,438	105,176
Miles, second and additional main track	33	..	33	..
Miles, yards and sidings.....	375	..	363	..

See Notes, page 275.

CINCINNATI NORTHERN R. R.

Avg. Miles			Avg. Miles		
Year	Oper.		Year	Oper.	
1905	248	Gross \$847,230	1907	248	Gross \$1,005,198
1906	248	1,027,728	1908	248*	980,925
		Surplus \$22,349			Surplus \$122,798
		165,195			54,083

*Includes 40 miles trackage.

STOCK OUTSTANDING

Dec. 31, 1908

Common..... \$3,000,000

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest..... \$1,000,000

CAPITALIZATION

	Total	Per Mile
Stock	\$3,000,000	\$12,097
Bonds	1,000,000	4,032
Total	4,000,000	16,129

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 248.

	Total	Per Mile
Gross Earnings	\$980,925	\$3,955
Operating Expenses	840,287	3,388
Net Earnings	140,638	567
Other Income	362	1
Total Net Income.....	141,000	568
Fixed Charges (including for Taxes, \$46,710)....	\$6,917	350
*Surplus	54,083	218

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$176,411	\$711
Maintenance of Equipment.....	216,231	872
Conducting Transportation	421,441	1,699
General Expenses	26,204	106

Ratio of Operating Expenses to Gross Earnings, 85.7 per cent.

*This Surplus before deducting \$20,458 for Extraordinary Expenditures representing New Construction (addition betterments). \$81,792 was deducted in 1907, partly for New Equipment (additions).

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905
For Maintenance Expenses.....	40.0%	40.1%	37.0%	42.1%
For Conducting Transportation and General Expenses	45.6%	39.0%	37.6%	46.0%
For Fixed Charges.....	8.9%	8.7%	9.3%	9.2%
For Surplus	5.5%	12.2%	16.1%	2.7%
	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road (248 miles)	446,599	495,955	576,583	400,136
Passenger miles per mile of road (206 miles)	56,739	51,805	48,833	48,458
Miles, yards and sidings.....	42	41	47	46

See Notes, page 278.

CLEVELAND & MARIETTA RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896	110	\$360,308	\$126	1903	110	\$783,708	\$109,488
1897	110	355,721	*46,884	1904	110	828,071	125,924
1898	110	421,988	10,572	1905	110	798,351	34,227
1899	110	507,980	*9,568	1906	110	967,632	193,403
1900	110	593,735	78,070	1907	110	1,096,969	273,098
1901	110	604,154	87,094	1908	111	937,983	330,419
1902	110	696,051	78,866				

*Deficit.

STOCK OUTSTANDING

Dec. 31, 1908

Common..... \$2,000,000

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest..... \$1,250,000

CAPITALIZATION

	Total	Per Mile
Stock	\$2,000,000	\$18,018
Bonds	1,250,000	11,261
Total	3,250,000	29,279

The Cleveland & Marietta Ry. paid in 1908 \$5,889 in rentals (included in Fixed Charges below).

Fixed Charges below include \$3,085 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 111.

	Total	Per Mile
Gross Earnings	\$937,983	\$8,450
Operating Expenses	506,948	4,567
Net Earnings	431,035	3,883
Total Net Income	431,035	3,883
Fixed Charges (including for Taxes, \$33,243)....	100,616	906
*Surplus	330,419	2,977

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$119,007	\$1,072
Maintenance of Equipment.....	110,618	997
Traffic Expenses	13,217	119
Transportation Expenses	245,741	2,214
General Expenses	18,365	165

Ratio of Operating Expenses to Gross Earnings, 54.0 per cent.

*This Surplus before deducting \$179,265 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	24.5%	35.8%	37.7%	47.8%	37.8%	39.8%
For Traffic, Transportation and General Expenses.....	29.6%	30.5%	33.0%	37.7%	37.2%	36.2%
For Fixed Charges.....	10.7%	8.8%	9.3%	10.2%	9.8%	10.0%
For Surplus	35.2%	24.9%	20.0%	4.3%	15.2%	14.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	913,858	1,147,096	1,064,743	808,170
Passenger miles per mile of road	69,327	68,787	61,973	55,140
Miles, yards and sidings.....	58	51	54	52

See Notes, page 279.

CLEVELAND, AKRON & COLUMBUS RY.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1895-6	233	\$374,920	1902	205	\$1,417,574
1896-7	232	718,051	1903	214	1,629,297
1897-8	232	869,002	1904	206	1,577,296
1898-9	205	891,972	1905	206	1,852,093
1899-0	204	1,066,279	1906	*210	2,046,567
1900-1	214	1,111,312	1907	*210	2,285,969
1901	205	1,250,913	1908	*210	1,830,762
					361,401

*Of this mileage 16 miles are operated for freight only and are not included in figuring the passenger mileage statistics below.

†Deficit.

STOCK OUTSTANDING

Dec. 31, 1908

Common..... \$4,000,000

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest..... \$3,463,000

CAPITALIZATION

	Total	Per Mile
Stock	\$4,000,000	\$19,048
Bonds	3,463,000	16,490
Total	7,463,000	35,538

The Cleveland, Akron & Columbus Ry. paid in 1908 \$38,230 in miscellaneous rentals (included in Fixed Charges below).

Fixed Charges below do not include \$15,725 paid account of Sinking Fund.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

	Total	Per Mile
Average miles operated, 210.		
Gross Earnings	\$1,830,762	\$8,718
Operating Expenses	1,237,056	5,891
Net Earnings	593,706	2,827
Other Income	51,384	245
Total Net Income.....	645,090	3,072
Fixed Charges (including for Taxes, \$58,661).....	283,689	1,351
*Surplus	361,401	1,721

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$253,386	\$1,207
Maintenance of Equipment.....	305,208	1,454
Traffic Expenses	27,527	131
Transportation Expenses	615,390	2,930
General Expenses	35,545	169

Ratio of Operating Expenses to Gross Earnings, 67.6 per cent.

*This Surplus before deducting \$60,081 for Extraordinary Expenditures and \$80,000 "Fund for Equipment."

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	29.7%	35.7%	37.1%	33.7%	40.2%	33.5%
For Traffic, Transportation and General Expenses.....	36.0%	37.6%	36.9%	37.0%	39.2%	40.8%
For Fixed Charges.....	15.1%	11.4%	11.7%	12.1%	14.1%	13.5%
For Surplus	19.2%	15.3%	14.3%	17.2%	6.5%	12.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road (210 miles)	882,360	1,310,722	1,173,059	1,022,163
Passenger miles per mile of road (193 miles)	126,193	126,723	117,636	113,503
Miles, second and additional main track	21	21	21	17
Miles, yards and sidings	75	90	66	65

See Notes, page 279.

CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	1,838	\$13,704,535	\$574,115	1902-3	1,891	\$20,390,761	\$2,029,979
1896-7	1,838	13,117,111	328,307	1903-4	1,891	21,069,954	1,639,457
1897-8	1,838	14,320,094	481,890	1905	1,983	22,517,763	1,870,425
1898-9	1,838	14,719,363	1,223,690	1906	1,983	24,594,916	2,064,732
1899-0	1,891	16,806,851	2,273,982	1907	1,983	26,447,804	1,973,218
1900-1	1,891	17,877,489	2,332,542	1908	1,982	24,621,661	708,779
1901-2	1,891	18,717,071	2,250,860				

See Notes for earnings for 1909.

STOCK OUTSTANDING

Dec. 31, 1908

Common.....	\$47,056,300
Preferred (5%).....	10,000,000

*Does not include \$5,615,925 Bills Payable. In 1909, bonds were sold and floating debt paid off.

*BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....	\$65,612,727
Notes due June, 1911..	5,000,000

CAPITALIZATION

	Total	Per Mile
Stock	\$57,056,300	\$28,787
Bonds	70,612,727	35,627
Total	127,669,027	64,414

The Cleveland, Cincinnati, Chicago & St. Louis Ry. paid in 1908 \$304,879 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 1,982,	Total	Per Mile
Gross Earnings	\$24,621,661	\$12,423
Operating Expenses	19,231,524	9,703
Net Earnings	5,390,137	2,720
Miscellaneous Receipts	137,405	69
Total Net Income	5,527,542	2,789
Fixed Charges (including for Taxes, \$894,377)....	4,818,763	2,431
Surplus	708,779	358

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$2,611,392	\$1,317
Maintenance of Equipment	3,801,196	1,918
Conducting Transportation	12,200,908	6,156
General Expenses	618,028	312

Ratio of Operating Expenses to Gross Earnings, 78.1 per cent.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1903-4	1902-3
For Maintenance Expenses..	25.9%	28.7%	27.6%	28.0%	27.3%	29.5%
For Conducting Transportation and General Expenses..	51.8%	46.9%	46.7%	46.1%	48.1%	43.3%
For Fixed Charges	19.4%	17.0%	17.4%	17.6%	16.9%	17.3%
For Surplus	2.9%	7.4%	8.3%	8.3%	7.7%	9.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ton miles per mile of road....	1,441,184	1,592,512	1,396,284	1,243,160		
Passenger miles per mile of road	183,770	191,599	180,224	165,486		
Miles, second and additional main track	339	301	252	218		
Miles, yards and sidings	1,061	1,060	950	930		

See Notes, page 280.

CLEVELAND TERMINAL & VALLEY R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1901-2	88	\$1,218,959	1905-6	93	\$1,133,044
1902-3	92	1,124,754	1906-7	93	1,182,485
1903-4	92	1,019,809	1907-8	93	1,083,529
1904-5	93	1,033,497	1908-9	93	1,056,488

*Deficit.

*\$18,544
*465
20,013
66,900

STOCK OUTSTANDING

BONDS OUTSTANDING

June 30, 1909		June 30, 1909	
Common.....	\$4,615,300	Fixed Interest	\$6,000,000
Preferred (6%).....	2,060,750		

The Balance Sheet as of June 30, 1909, showed \$1,176,056 due the Baltimore & Ohio R. R. for Advances.

CAPITALIZATION

	Total	Per Mile
Stock	\$6,676,050	\$71,785
Bonds	6,000,000	64,516
Total	12,676,050	136,301

The Cleveland Terminal & Valley R. R. paid in 1908-9 \$3,091 in rentals (included in Fixed Charges below). Fixed Charges below include \$896 for Hire of Equipment. Fixed Charges do not include, however, interest on indebtedness to the Baltimore & Ohio R. R. Co. for advances. The amount due to that company on June 30, 1909, was \$1,176,056.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

	Total	Per Mile
Average miles operated, 93.		
Gross Earnings	\$1,056,488	\$11,360
Operating Expenses	736,652	7,921
Net Earnings	319,836	3,439
Other Income	31,701	341
Total Net Income	351,537	3,780
Fixed Charges (including for Taxes, \$39,400).....	284,637	3,061
Surplus	66,900	719

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$154,856	\$1,665
Maintenance of Equipment	105,407	1,133
Traffic Expenses	17,478	188
Transportation Expenses	440,267	4,734
General Expenses	18,644	201

Ratio of Operating Expenses to Gross Earnings, 69.7 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	23.9%	25.3%	29.8%	34.5%	34.8%	27.1%
For Traffic, Transportation and General Expenses.....	43.8%	47.4%	46.7%	44.3%	49.1%	52.1%
For Fixed Charges	26.2%	25.5%	23.5%	22.8%	25.5%	26.4%
For Surplus	6.1%	1.8%	Deficit	Deficit	Deficit	Deficit
	100.0%	100.0%				

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	505,188	574,567	803,219	834,582
Passenger miles per mile of road	103,115	102,762	100,122	97,703
Miles, second and additional main track	2	4	4	5
Miles, yards and sidings.....	91	91	89	89

See Notes, page 282.

DETROIT & MACKINAC RY.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1896-7	285	\$406,682	1903-4	322	\$981,314
1897-8	294	481,468	1904-5	330	990,555
1898-9	312	601,441	1905-6	343	1,154,826
1899-0	325	833,619	1906-7	344	1,311,274
1900-1	321	865,747	1907-8	348	1,186,097
1901-2	323	862,192	1908-9	347	1,148,974
1902-3	337	953,708			

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$2,000,000
Preferred (5%).....	950,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest	\$2,300,000
Equipment	80,000

CAPITALIZATION

	Total	Per Mile
Stock	\$2,950,000	\$8,501
Bonds	2,380,000	6,859
Total	5,330,000	15,360

Fixed Charges below include \$8,538 account of Separately Operated Properties and \$2,540 for Sundry Items.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 347.		Total	Per Mile
Gross Earnings		\$1,148,974	\$3,311
Operating Expenses		796,044	2,294
Net Earnings		352,930	1,017
Other Income		15,875	46
Total Net Income		368,805	1,063
Fixed Charges (including for Taxes, \$85,345).....		197,598	570
*Surplus		171,207	493

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$183,863	\$530
Maintenance of Equipment	185,229	534
Traffic Expenses	22,320	64
Transportation Expenses	371,944	1,072
General Expenses	32,688	94

Ratio of Operating Expenses to Gross Earnings, 69.3 per cent.

*This Surplus before deducting \$123,706 for Extraordinary Expenditures, including \$87,192 account of construction of Hillman Branch, \$11,514 for Additions and Betterments and \$25,000 account of "Loss by Forest Fires, October, 1908."

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	31.7%	27.7%	39.1%	39.8%	30.3%	28.6%
For Traffic, Transportation and General Expenses.....	36.6%	39.3%	37.9%	35.8%	33.8%	32.8%
For Fixed Charges	17.0%	18.0%	15.9%	17.2%	16.9%	16.7%
For Surplus	14.7%	15.0%	7.1%	7.2%	19.0%	21.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	241.314	314.401	355,510	274,103
Passenger miles per mile of road	38,192	40,015	40,041	34,933
Miles, yards and sidings.....	103	103	103	78

See Notes, page 282.

OF RAILROADS

105

DETROIT, TOLEDO & IRONTON RY.

(Receivers appointed February 1, 1908.)

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1901-2*	381	\$1,239,906	\$73,204	1905-6	486	\$1,914,977	\$270,941
1902-3*	381	1,444,900	12,292	1906-7	438	2,116,407	\$371,623
1903-4*	438	1,488,938	\$210,141	1907-8	409	1,623,266	\$573,743
1904-5†	436	1,468,299	\$286,894	1908-9	‡438	1,525,126	\$685,257

*Detroit Southern R. R.

†Detroit, Toledo & Ironton Ry. for two of the twelve months.

‡Includes 45 miles trackage.

§Deficit.

STOCK OUTSTANDING

June 30, 1909

Common	\$12,500,000
Preferred, 1st (4%)....	7,500,000
Preferred, 2d (5%)..	5,000,000

BONDS OUTSTANDING

June 30, 1909

†Fixed Interest.....	\$11,524,400
Equipment	1,816,000
‡Notes (Ann Arbor Coll)	5,500,000
Receivers' Cfts.	110,000

†A majority of these bonds are in default.

‡Matured December 31, 1908. Have not been paid off and no interest has been paid since August, 1907. (Secured by Ann Arbor R. R. stock and D. T. & I. Ry. Consolidated Mortgage 4½s. See Notes.)

Debit balance to Profit and Loss on June 30, 1909, was \$2,016,324, and the balance sheet showed a large floating debt.

CAPITALIZATION

	Total	Per Mile
Stock	\$25,000,000	\$57,077
Bonds	18,950,400	43,266
Total	43,950,400	100,343

The Detroit, Toledo & Ironton Ry. paid in 1908-9 \$45,677 for rents, joint facilities, etc. (included in Fixed Charges below).

Fixed Charges below include \$10,520 for "Hire of Equipment."

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

(Not including Ann Arbor R. R.)

Average miles operated, 438.

	Total	Per Mile
Gross Earnings	\$1,525,126	\$3,482
Operating Expenses	1,279,921	2,922
Net Earnings	245,205	560
Other Income	38,351	88
Total Net Income	283,556	648
Fixed Charges (including for Taxes, \$78,124).....	968,813	2,212
Deficit	685,257	1,564

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$282,999	\$646
Maintenance of Equipment	214,369	489
Traffic Expenses	29,580	68
Transportation Expenses	701,737	1,602
General Expenses	51,236	117

Ratio of Operating Expenses to Gross Earnings, 83.9 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses..	31.8%	35.4%	34.3%	29.9%	43.0%	38.5%
For Traffic, Transportation and General Expenses....	50.1%	42.5%	39.5%	40.5%	46.5%	48.1%
For Fixed Charges	62.0%	52.0%	43.8%	43.5%	30.0%	27.5%
For Surplus	Deficit	Deficit	Deficit	Deficit	Deficit	Deficit

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	737,114	679,429	751,764	756,277
Passenger miles per mile of road	20,698	20,342	26,183	23,851
Miles, yards and sidings	139	136	125	121

See Notes, page 283.

EVANSVILLE & TERRE HAUTE R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1895-6	168	\$1,122,797	1902-3	162	\$1,722,315
1896-7	167	1,003,430	1903-4	164	1,725,189
1897-8	168	1,213,132	1904-5	*310	2,050,147
1898-9	168	1,259,435	1905-6	*310	2,162,650
1899-0	162	1,392,760	1906-7	*310	2,267,215
1900-1	162	1,393,943	1907-8	*310	2,204,060
1901-2	162	1,453,660	1908-9	*310	2,093,997

Surplus

*Includes Evansville & Indianapolis R. R. †Deficit.

STOCK OUTSTANDING

June 30, 1909

*Common	\$3,987,383
Preferred (5%)	1,283,333

*Does not include \$2,000,000 Evansville & Indianapolis R. R. stock (entire issue) owned by Evansville & Terre Haute R. R.

†Includes bonds of Evansville & Indianapolis R. R. Co. (Guaranteed).

BONDS OUTSTANDING

June 30, 1909

†Fixed Interest	\$9,751,000
Equipment	1,080,600

CAPITALIZATION

	Total	Per Mile
Stock	\$5,270,716	\$17,002
Bonds	10,831,000	34,939
Total	16,101,716	51,941

The Evansville & Terre Haute R. R. paid in 1908-9 \$14,361 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

	Total	Per Mile
Average miles operated, 310.		
Gross Earnings	\$2,093,997	\$6,755
Operating Expenses	1,321,964	4,264
Net Earnings	772,033	2,491
Other Income	115,984	374
Total Net Income	888,017	2,865
Fixed Charges (including for Taxes, \$110,142)....	712,901	2,300
Surplus	175,116	565

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$268,210	\$865
Maintenance of Equipment	269,082	868
Traffic Expenses	46,366	150
Transportation Expenses	663,532	2,140
General Expenses	74,774	241

Ratio of Operating Expenses to Gross Earnings, 63.1 per cent.

Other Income above includes \$72,508 received from Hire of Equipment.

Prior to 1904-5, when the figures of the Evansville & Indianapolis R. R. Co. were not merged with those of the parent company, the Fixed Charges for the latter included the annual deficit of the former company.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses	24.3%	22.5%	29.8%	24.4%	22.7%	25.2%
For Traffic, Transportation and General Expenses	35.5%	32.4%	20.1%	26.3%	27.3%	29.1%
For Fixed Charges	32.3%	28.7%	29.8%	29.3%	29.1%	29.7%
For Surplus	7.9%	16.4%	20.3%	20.0%	20.9%	16.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	407.516	464.214	493.204	480.122
Passenger miles per mile of road	97.686	95.326	80.980	75.795
Miles, yards and sidings.....	151	148	138	132

See Notes, page 285.

GRAND RAPIDS & INDIANA RY.

Year	Avg. Miles Oper.	Gross	Year	Avg. Miles Oper.	Gross
1897	590	\$2,542,087	1903	590	\$4,238,886
1898	592	2,784,845	1904	573	4,149,727
1899	588	3,146,165	1905	582	4,484,193
1900	581	3,376,182	1906	579	4,795,103
1901	590	3,654,725	1907	582	5,063,669
1902	590	4,014,775	1908	584	4,355,345

STOCK OUTSTANDING

Dec. 31, 1908

Common.....\$5,791,700

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest\$9,875,000

Real Estate 150,000

Car Trusts 135,299

CAPITALIZATION

(Grand Rapids & Indiana Ry. Proper.)

	Total	Per Mile
Stock	\$5,791,700	\$9,917
Bonds	10,160,299	17,398
Total	15,951,999	27,315

The Grand Rapids & Indiana Ry. paid in 1908 \$173,789 in rentals (included in Fixed Charges below). Fixed Charges include also \$19,650 advances to Cincinnati, Richmond & Ft. Wayne R. R. and \$21,789 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

(All lines operated.)

	Total	Per Mile
Average miles operated, 584.		
Gross Earnings	\$4,355,345	\$7,458
Operating Expenses	3,233,494	5,537
Net Earnings	1,121,851	1,921
Other Income	28,674	49
Total Net Income	1,150,525	1,970
Fixed Charges (including for Taxes, \$248,984).....	888,078	1,521
*Surplus	262,447	449

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$525,661	\$900
Maintenance of Equipment	649,254	1,112
Traffic Expenses	120,026	205
Transportation Expenses	1,777,532	3,044
General Expenses	161,021	276

Ratio of Operating Expenses to Gross Earnings, 74.2 per cent.

*This Surplus before deducting \$52,390 for Extraordinary Expenditures and \$22,966 payments account of principal of car trusts.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses..	26.8%	32.8%	31.6%	29.5%	28.9%	30.6%
For Traffic, Transportation and General Expenses....	46.9%	44.7%	43.4%	45.8%	47.3%	44.5%
For Fixed Charges.....	20.3%	16.2%	17.9%	18.9%	19.5%	18.8%
For Surplus	6.0%	6.3%	7.1%	5.8%	4.3%	6.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	1908	1907	1906	1905		
Ton miles per mile of road....	600,374	812,778	731,341	649,016		
Passenger miles per mile of road	135,812	131,683	127,211	118,199		
Miles, second and additional main track	11	11	11	11		
Miles, yard and sidings.....	206	200	199	192		

See Notes, page 286.

GREEN BAY & WESTERN R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1896-7	248	\$420,137	1903	248	\$579,595
1897-8	248	446,342	1904	248	592,397
1898-9	248	454,493	1905	248	586,420
1899-0	248	484,106	1906	248	636,121
1901	248	527,312	1907	248	666,838
1902	248	502,354	1908	248	602,106

STOCK AND DEBENTURES OUTSTANDING DECEMBER 31, 1908.

Common Stock	\$2,500,000
Debentures "A"	600,000
Debentures "B"	7,000,000

CAPITALIZATION

	Total	Per Mile
Stock and Debentures	\$10,100,000	\$40,726

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 248.

	Total	Per Mile
Gross Earnings	\$602,106	\$2,428
Operating Expenses	395,108	1,593
Net Earnings	206,998	835
Total Net Income	206,998	835
Taxes	24,961	101
Surplus	182,037	734

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$103,431	\$417
Maintenance of Equipment	94,102	379
Traffic Expenses	4,496	18
Transportation Expenses	168,297	679
General Expenses	24,782	100

Ratio of Operating Expenses to Gross Earnings, 65.6 per cent.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses..	32.8%	31.8%	29.6%	28.9%	28.9%	29.7%
For Traffic, Transportation and General Expenses....	32.8%	31.2%	33.1%	35.6%	32.9%	31.8%
For Fixed Charges.....	4.2%	3.3%	3.4%	3.2%	3.4%	2.6%
For Surplus	30.2%	33.7%	33.9%	32.3%	34.8%	35.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	141,442	155,220	.....	161,043
Passenger miles per mile of road	22,736	20,878	.....	19,609
Miles, yards and sidings.....	29	29	29	29

See Notes, page 287.

HOCKING VALLEY RY.

Year	Avg. Miles Oper.	Gross	Surplus	Year	Avg. Miles Oper.	Gross	Surplus
1899-0	346	\$4,417,267	\$1,168,594	1904-5	347	\$6,013,215	\$1,427,851
1900-1	347	4,653,258	1,354,177	1905-6	347	6,439,809	1,782,934
1901-2	347	5,316,523	1,602,373	1906-7	347	6,907,048	1,827,486
1902-3	347	6,049,698	1,824,199	1907-8	347	5,841,763	1,364,682
1903-4	347	5,725,483	1,404,793	1908-9	347	5,878,414	1,515,990

STOCK OUTSTANDING

June 30, 1909	
Common.....	\$11,000,000
Preferred (4%).....	15,000,000

BONDS OUTSTANDING

June 30, 1909	
Fixed Interest.....	\$19,910,000
Equipment.....	3,203,000

CAPITALIZATION

	Total	Per Mile
Stock	\$26,000,000	\$74,928
Bonds	23,113,000	66,608
Total	49,113,000	141,536

The Hocking Valley Ry. paid in 1908-9 \$66,607 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 347.

	Total	Per Mile
Gross Earnings	\$5,878,414	\$16,941
Operating Expenses	3,926,084	11,315
Net Earnings	1,952,330	5,626
Other Income	981,495	2,829
Total Net Income	2,933,825	8,455
Fixed Charges (including for Taxes, \$235,738)....	1,417,835	4,086
*Surplus	1,515,990	4,369

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$674,229	\$1,943
Maintenance of Equipment	1,216,160	3,505
Traffic Expenses	90,310	260
Transportation Expenses	1,796,842	5,179
General Expenses	148,543	428

Ratio of Operating Expenses to Gross Earnings, 66.8 per cent.

*This Surplus before deducting \$79,655 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses..	27.6%	30.3%	30.7%	29.2%	29.9%	28.1%
For Traffic, Transportation and General Expenses...	29.7%	29.5%	29.1%	28.3%	29.5%	30.0%
For Fixed Charges	20.6%	20.2%	15.8%	16.6%	18.6%	19.5%
For Surplus	22.1%	20.0%	24.4%	25.9%	22.0%	22.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	2,872,980	2,678,003	3,135,615	2,875,388
Passenger miles per mile of road	146,198	148,054	130,806	128,294
Miles, second and additional main track	48	48	47	47
Miles, yards and sidings	272	270	250	244

See Notes, page 288.

THE EARNING POWER

ILLINOIS CENTRAL R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1902-3	4,293	\$45,186,077	\$10,729,393	1906-7	4,371	\$56,610,633	\$11,687,091
1903-4	4,340	46,831,136	8,865,928	1907-8	4,420	52,830,427	7,996,399
1904-5	4,374	49,508,650	10,135,342	1908-9	4,547	53,672,336	8,183,836
1905-6	4,424	51,636,405	10,862,339				

STOCK OUTSTANDING

June 30, 1909

Common.....\$109,296,000

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....\$196,053,275

Leased Line Stock.. 10,000,000

*Includes bonds of the C., St. L. & N. O. R. R. Of the total bonds given, about \$35,000,000 bonds were owned by the Company unpledged. Including such bonds the Illinois Central R. R. held as of June 30, 1909, unpledged in its Treasury bonds of a par value of \$55,391,024, and of a book value of \$54,142,478. Bills Payable on that date were \$1,620,000.

CAPITALIZATION

	Total	Per Mile
Stock	\$109,296,000	\$24,037
Bonds	206,053,275	45,316
Total	315,349,275	69,353

The Illinois Central R. R. paid in 1908-9 about \$1,000,000 net as rentals other than interest paid as rental on bonds included in total above. This sum as well as \$400,000, the dividend on the Leased Line Stock, is included in Fixed Charges below.

Fixed Charges include all interest on bonds owned by the Company, both pledged and unpledged. Other Income is credited with such interest and debited with \$674,757 representing net balance (\$171,257) of interest paid on money borrowed and fixed charges (\$503,500) of subsidiary lines written off.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

(Not including Yazoo & Mississippi Valley R. R.)

Average miles operated, 4,547.	Total	Per Mile
Gross Earnings	\$53,672,336	\$11,804
Operating Expenses	38,415,639	8,449
Net Earnings	15,256,697	3,355
Other Income	4,359,209	959
Total Net Income	19,615,906	4,314
Fixed Charges (including for Taxes, \$2,276,969) ..	11,432,070	2,514
*Surplus	8,183,836	1,800

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$6,196,287	\$1,363
Maintenance of Equipment	11,265,627	2,478
Traffic Expenses	1,177,356	259
Transportation Expenses	18,617,942	4,094
General Expenses	1,158,427	255

Ratio of Operating Expenses to Gross Earnings, 71.6 per cent.

*This Surplus before deducting \$232,267 for Betterments, etc.

Other Income above includes \$184,501 net balance received from Rents, Hire of Equipment and Sundry Other Items. The actual figures were "Income Incident to Operation," \$4,473,176; "Expenses other than Operating Expenses," \$2,988,675; Net, \$484,501.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	30.1%	28.8%	27.7%	26.5%	26.6%	26.2%
For Traffic, Transportation and General Expenses....	36.1%	39.1%	36.0%	35.9%	36.7%	39.9%
For Fixed Charges.....	19.7%	17.8%	16.6%	17.7%	17.3%	15.9%
For Surplus	14.1%	14.3%	19.7%	19.9%	19.4%	18.0%

100.0% 100.0% 100.0% 100.0% 100.0% 100.0%

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-6
Ton miles per mile of road.....	1,587,371	1,627,897	1,508,206	1,408,403		
Passenger miles per mile of road	120,125	133,891	130,396	115,598		
Miles, second, etc., main track	783	785	751	750		
Miles, yards and sidings	1,817	1,800	1,669	1,622		

See Notes, page 291.

KANAWHA & MICHIGAN RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896-7	172	\$479,490	*\$3,144	1903-4	177	\$1,657,667	\$8,358
1897-8	172	558,343	14,294	1904-5	177	1,764,174	13,173
1898-9	172	634,064	34,661	1905-6	177	2,152,763	306,174
1899-0	172	759,069	52,878	1906-7	177	2,377,662	267,076
1900-1	173	924,624	75,047	1907-8	177	2,922,938	128,391
1901-2	177	1,096,359	76,355	1908-9	177	2,127,637	134,516
1902-3	177	1,285,171	*59,353				

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common.....\$9,000,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....\$4,969,000

Equipment 1,214,900

See Notes as to guaranteed bonds.

CAPITALIZATION

	Total	Per Mile
Stock	\$9,000,000	\$50,843
Bonds	6,183,900	34,937
Total	15,183,900	85,785

The Kanawha & Michigan Ry. paid in 1908-9 \$14,189 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 177.

	Total	Per Mile
Gross Earnings	\$2,127,637	\$12,021
Operating Expenses	1,731,722	9,784
Net Earnings	395,915	2,237
Other Income	100,011	565
Total Net Income	495,926	2,802
Fixed charges (including for Taxes, \$80,093)....	361,410	2,042
*Surplus	134,516	760

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$449,449	\$2,539
Maintenance of Equipment	559,333	3,160
Traffic Expenses	29,004	164
Transportation Expenses	660,059	3,729
General Expenses	33,877	192

Ratio of Operating Expenses to Gross Earnings, 81.4 per cent.

*This Surplus before deducting \$118,468 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	45.3%	44.0%	41.0%	40.5%	45.3%	42.9%
For Traffic, Transportation and General Expenses.....	32.5%	34.1%	33.8%	31.6%	36.9%	38.3%
For Fixed Charges	16.2%	16.0%	14.0%	13.7%	17.0%	18.3%
For Surplus	6.0%	5.9%	11.2%	14.2%	.8%	.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	1,980,028	1,924,683	2,066,981	1,973,888
Passenger miles per mile of road	94,400	108,480	90,805	83,096
Miles, yards and sidings.....	90	86	84	79

See Notes, page 293.

LAKE ERIE & WESTERN R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897	725	\$3,326,587	.....	1903	887	\$5,218,728	\$489,010
1898	725	3,353,162	.....	1904	887	4,998,010	366,489
1899	725	3,787,301	\$700,219	1905	886	5,037,295	443,651
1900	725	4,284,780	716,168	1906	886	5,212,812	450,161
1901*	887	4,533,204	505,196	1907	886	5,066,940	243,664
1902	887	4,699,340	484,165	1908	886	4,534,789	†252,097

*Includes Northern Ohio Ry., 162 miles.

†Deficit.

See Notes for earnings for 1909.

STOCK OUTSTANDING

Dec. 31, 1908

Common \$11,840,000

Preferred (6%) \$11,840,000

*Includes \$2,500,000 Northern Ohio Ry. 5's.

Bills Payable December 31, 1908, were \$1,271,951, the balance sheet of that date showing a large floating debt.

BONDS OUTSTANDING

Dec. 31, 1908

*Fixed Interest.....\$13,375,000

CAPITALIZATION

	Total	Per Mile
Stock	\$23,680,000	\$26,727
Bonds	13,375,000	15,096
Total	37,055,000	41,823

Fixed Charges below include, besides the interest on bonds (rental) of the Northern Ohio Ry., \$55,415 for use of joint facilities.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 886.	Total	Per Mile
Gross Earnings	\$4,534,789	\$5,118
Operating Expenses	3,767,296	4,252
Net Earnings	767,493	866
Other Income	7,656	9
Total Net Income	775,149	875
Fixed Charges (including for Taxes, \$213,491)....	1,027,246	1,159
*Deficit	252,097	284

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$781,130	\$882
Maintenance of Equipment	779,379	880
Conducting Transportation	2,062,792	2,328
General Expenses	143,995	162

Ratio of Operating Expenses to Gross Earnings, 83.1 per cent.

*This Deficit does not include \$20,815 for New Construction (addition betterments).

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	34.4%	30.2%	28.1%	30.6%	31.9%	32.3%
For Conducting Transportation and General Expenses.....	48.6%	45.8%	44.1%	40.6%	42.4%	41.5%
For Fixed Charges.....	22.6%	19.2%	19.2%	19.9%	18.3%	16.8%
For Surplus	Deficit	4.8%	8.6%	8.9%	7.4%	9.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road.....	573,643	675,203	716,445	663,833
Passenger miles per mile of road	56,384	53,205	54,478	50,314
Miles, second and additional main track	9	9	5	...
Miles, yards and sidings.....	261	259	259	253

See Notes, page 294.

LAKE ERIE, ALLIANCE & WHEELING R. R.

Year	Avg. Miles Oper.	Gross	Surplus	Year	Avg. Miles Oper.	Gross	Surplus
1906	83	\$481,816	*\$45,416	1908	88	\$572,968	*\$15,548
1907	83	638,010	23,498				

*Deficit.

STOCK OUTSTANDING DECEMBER 31, 1908

	Total	Per Mile
Common	\$3,000,000	\$34,091

The balance sheet of December 31, 1908, showed over \$600,000 floating debt represented by indebtedness to the Lake Shore & Michigan Southern Ry. Co.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 88.

	Total	Per Mile
Gross Earnings	\$572,968	\$6,511
Operating Expenses	582,942	6,624
Net Deficit	9,974	113
Other Income	18,516	210
Total Net Income	8,542	97
Fixed Charges	24,090	274
Deficit	15,548	177

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$220,774	\$2,509
Maintenance of Equipment	87,853	998
Conducting Transportation	263,958	2,999
General Expenses	10,357	118

Ratio of Operating Expenses to Gross Earnings, 101.7 per cent.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906
For Maintenance Expenses	52.2%	50.2%	62.7%
For Conducting Transportation and General Expenses	46.4%	42.5%	42.3%
For Fixed Charges	4.1%	3.6%	4.4%
For Surplus	Deficit	3.7%	Deficit
		100.0%	

	1908	1907	1906
Ton miles per mile of road.....	1,033,097	1,135,031	809,444
Passenger miles per mile of road.....	25,863	25,982	21,536
Miles, yards and sidings.....	36	35	...

See Notes, page 295.

LAKE SHORE & MICHIGAN SOUTHERN RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1899	1,413	\$23,013,946	\$5,057,261	1904	1,454	\$35,161,053	\$4,457,742
1900	1,411	26,466,514	6,658,431	1905	1,520	38,600,810	*11,571,758
1901	1,411	29,272,675	7,155,125	1906	1,520	42,511,378	*11,910,335
1902	1,411	30,449,292	6,735,523	1907	1,520	44,953,475	*12,379,831
1903	1,430	34,768,082	4,471,032	1908	1,511	39,964,858	*8,968,269

*See explanation under Income Account below.

See Notes for approximate statement of earnings for the year 1909.

STOCK OUTSTANDING

Dec. 31, 1908

Common.....	\$49,466,500
Guaranteed	533,500

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....	\$135,400,000
* Notes (5%) due 1910.	15,000,000

*These Notes were retired at maturity and \$15,000,000 4% Debentures sold.

CAPITALIZATION

	Total	Per Mile
Stock	\$50,000,000	\$33,091
Bonds	150,400,000	99,537
Total	200,400,000	132,628

The Lake Shore & Michigan Southern Ry. paid in 1908 \$1,100,382 in rentals (included in Fixed Charges below). Fixed Charges include also \$64,020 dividends on Guaranteed Stocks.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 1,511.	Total	Per Mile
Gross Earnings	\$39,964,858	\$26,449
Operating Expenses	26,712,012	17,678
Net Earnings	13,252,846	8,771
Other Income	4,692,667	3,105
Total Net Income.....	17,945,513	11,876
Fixed Charges (including for Taxes, \$1,424,201) ..	8,977,244	5,941
*Surplus	8,968,269	5,935

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$4,909,069	\$3,249
Maintenance of Equipment.....	5,422,115	3,588
Conducting Transportation	15,554,043	10,294
General Expenses	826,785	547

Ratio of Operating Expenses to Gross Earnings, 66.8 per cent.

*This Surplus before deducting \$1,292,276 for Extraordinary Expenditures. This sum was expended for New Construction (addition betterments). Prior to the year 1905 expenditures of this nature were included in Maintenance Expenses. This explains the marked difference in ratios given below. Expenses of this nature were \$4,994,114 in 1907, and \$5,423,723 in 1906.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	23.1%	24.4%	23.9%	22.1%	34.9%	35.5%
For Conducting Transportation and General Expenses.....	36.7%	33.9%	34.5%	35.4%	37.1%	36.6%
For Fixed Charges.....	20.1%	17.3%	16.1%	15.0%	16.1%	15.9%
For Surplus	20.1%	24.4%	25.5%	27.5%	11.9%	12.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	1908	1907	1906	1905		
Ton miles per mile of road....	3,361,747	3,949,126	3,911,698	3,540,527		
Passenger miles per mile of road	321,296	317,504	277,840	243,300		
Miles, second and additional main track	846	846	841	747		
Miles, yards and sidings.....	1,108	1,087	1,110	1,063		

See Notes, page 295.

MICHIGAN CENTRAL R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1897	1,658	\$13,697,239	1903	1,653	\$22,552,201
1898	1,658	14,046,149	1904	1,653	21,492,945
1899	1,658	15,504,062	1905	1,745	23,283,868
1900	1,635	16,730,131	1906	1,745	26,275,588
1901	1,658	18,490,274	1907	1,746	28,547,110
1902	1,653	19,045,083	1908	1,746	24,918,488
		1,110,646			1,627,120

See Notes for approximate statement of earnings for the year 1909.

STOCK OUTSTANDING

Dec. 31, 1908

Common.....\$18,738,000

BONDS OUTSTANDING

Dec. 31, 1908

*Fixed Interest\$49,931,000

Gold Notes due 1910.. 10,000,000

*Includes \$20,000,000 bonds due 1913 of the Canada Southern Ry. Co. and \$2,301,000 Miscellaneous Leased Line Bonds.

CAPITALIZATION

	Total	Per Mile
Stock	\$18,738,000	\$10.732
Bonds	59,931,000	34.325
Total	78,669,000	45.057

The Michigan Central R. R. paid in 1908 \$510,310 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 1,746.	Total	Per Mile
Gross Earnings	\$24,918,488	\$14.272
Operating Expenses	19,005,352	10.885
Net Earnings	5,913,136	3.387
Other Income	655,505	.375
Total Net Income.....	6,568,641	3.762
Fixed Charges (including for Taxes, \$1,105,694)...	4,941,521	2.830
Surplus	1,627,120	.932

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$3,961,375	\$1.799
Maintenance of Equipment.....	2,978,744	1.706
Conducting Transportation	12,406,032	7.105
General Expenses	559,201	.320

Ratio of Operating Expenses to Gross Earnings, 76.3 per cent.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	23.5%	31.0%	33.9%	33.1%	29.6%	30.6%
For Conducting Transportation and General Expenses.....	50.7%	48.1%	47.6%	46.9%	49.4%	48.9%
For Fixed Charges.....	19.3%	15.0%	14.8%	15.9%	16.9%	15.0%
For Surplus	6.5%	5.9%	3.7%	4.1%	4.1%	5.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	1,572,539	1,895,560	1,744,591	1,574,482
Passenger miles per mile of road	181,791	182,911	163,187	146,697
Miles, second and additional main track	547	547	518	439
Miles, yards and sidings.....	1,293	1,261	1,216	1,184

See Notes, page 298.

NEW YORK, CHICAGO & ST. LOUIS R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1899	523	\$6,919,985	\$328,644	1904	523	\$8,645,374	\$618,917
1900	523	7,023,359	476,724	1905	523	9,108,730	1,407,703
1901	523	7,485,484	618,932	1906	523	9,902,209	1,748,592
1902	523	7,138,899	597,122	1907	523	10,465,671	2,294,253
1903	523	8,448,320	604,248	1908	523	9,435,557	1,030,909

See Notes for approximate statement of earnings for the year 1909.

STOCK OUTSTANDING

Dec. 31, 1908

Common.....	\$14,000,000
Preferred, 1st (5%)....	5,000,000
Preferred, 2d (5%)....	11,000,000

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....	\$29,246,000
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CAPITALIZATION

	Total	Per Mile
Stock	\$30,000,000	\$57,361
Bonds	29,246,000	55,920
Total	59,246,000	113,281

The "Nickel Plate" paid in 1908 \$31,027 in rentals (included in Fixed Charges below). Fixed Charges include also \$64,000 paid for retirement of Equipment Trust certificates.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 523.

	Total	Per Mile
Gross Earnings	\$9,435,557	\$18,041
Operating Expenses	7,016,599	13,416
Net Earnings	2,418,958	4,625
Other Income	55,355	106
Total Net Income.....	2,474,293	4,731
Fixed Charges (including for Taxes, \$343,369)....	1,443,384	2,760
*Surplus	1,030,909	1,971

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$872,064	\$1,667
Maintenance of Equipment	1,072,236	2,050
Conducting Transportation	4,903,791	9,376
General Expenses	168,508	323

Ratio of Operating Expenses to Gross Earnings, 74.4 per cent.

*This Surplus before deducting \$42,000 paid account of Sinking Fund. Prior to 1908, large deductions for Extraordinary Expenditures were made annually. In the years prior to 1905 these expenditures were included in Maintenance Expenses. This explains the marked difference in ratios as shown below.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	20.5%	20.1%	22.3%	22.1%	20.1%	27.6%
For Conducting Transportation and General Expenses.....	53.4%	45.4%	47.5%	48.8%	49.5%	49.7%
For Fixed Charges.....	15.2%	12.6%	12.6%	13.6%	14.1%	15.5%
For Surplus	10.9%	21.9%	17.6%	15.5%	7.1%	7.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	2,919,427	3,263,134	3,107,481	2,837,600
Passenger miles per mile of road	157,746	191,002	166,631	174,155
Miles, second and additional main track	73	73	15	15
Miles, yards and sidings.....	262	262	256	238

See Notes, page 300.

OHIO & LITTLE KANAWHA R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus.	Year	Oper.	Gross	Surplus
1905-6	74	\$288,195	\$64,169	1907-8	74	\$278,766	*\$31,070
1906-7	74	282,453	17,735	1908-9	74	264,093	15,238

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$1,000,000
Preferred (5%)	1,250,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$250,000
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CAPITALIZATION

	Total	Per Mile
Stock	\$2,250,000	\$30,406
Bonds	250,000	3,378
Total	2,500,000	33,784

The Ohio & Little Kanawha R. R. paid in 1908-9 \$8,149 in rentals (included in Fixed Charges below).

Fixed Charges below include \$463 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 74.

	Total	Per Mile
Gross Earnings	\$264,093	\$3,569
Operating Expenses	218,335	2,950
Net Earnings	45,758	619
Other Income	612	8
Total Net Income.....	46,370	627
Fixed Charges (including for Taxes, \$11,007).....	31,132	421
Surplus	15,238	206

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$61,497	\$831
Maintenance of Equipment.....	36,177	489
Traffic Expenses	9,291	125
Transportation Expenses	102,654	1,387
General Expenses	8,716	118

Ratio of Operating Expenses to Gross Earnings, 82.7 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9
For Maintenance Expenses	36.9%
For Traffic, Transportation and General Expenses.....	45.6%
For Fixed Charges	11.7%
For Surplus	5.8%
	<u>100.0%</u>

See Notes, page 301.

PEORIA & EASTERN RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	352	\$1,902,325	\$16,280	1902-3	352	\$2,947,237	\$237,108
1896-7	352	1,631,103	*98,773	1903-4	352	3,069,694	186,650
1897-8	352	1,883,107	15,162	1905	350	2,960,727	377,457
1898-9	352	1,903,218	12,470	1906	352	3,059,281	451,591
1899-0	352	2,356,416	345,656	1907	352	3,019,347	254,592
1900-1	352	2,488,304	417,875	1908	352	2,764,463	54,877
1901-2	352	2,518,750	249,852	*Deficit.			

See Notes for approximate earnings for 1909.

STOCK OUTSTANDING

Dec. 31, 1908

Common.....	\$10,000,000
Income Bonds (4%)..	4,000,000

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....	\$9,985,100
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CAPITALIZATION

	Total	Per Mile
Stock and Income Bonds.....	\$14,000,000	\$39,773
Bonds	9,985,100	28,367
Total	23,985,100	68,140

The Peoria & Eastern Ry. paid in 1908 \$34,609 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

	Total	Per Mile
Average miles operated, 352.		
Gross Earnings	\$2,764,463	\$7,854
Operating Expenses	2,152,668	6,116
Net Earnings	611,795	1,738
Other Income	3,329	9
Total Net Income.....	615,124	1,747
Fixed Charges (including for Taxes, \$112,362)....	560,247	1,592
*Surplus	54,877	155

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$313,963	\$892
Maintenance of Equipment.....	384,486	1,093
Conducting Transportation	1,386,929	3,940
General Expenses	67,290	191

Ratio of Operating Expenses to Gross Earnings, 77.9 per cent.

*This Surplus before deducting \$99,349 for Extraordinary Expenditures. Like deductions were \$87,247 in 1907 and \$118,790 in 1906. Prior to 1905 similar items were included in the maintenance expenses.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1903-4	1902-3
For Maintenance Expenses.....	25.3%	28.1%	26.8%	30.3%	37.2%	39.8%
For Conducting Transportation and General Expenses.....	52.5%	47.2%	41.0%	39.1%	40.5%	35.2%
For Fixed Charges	20.2%	18.3%	17.5%	17.8%	16.2%	16.8%
For Surplus	2.0%	8.4%	14.7%	12.8%	6.1%	8.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	921,363	1,006,349	1,004,051	1,017,069
Passenger miles per mile of road	93,910	94,348	101,734	95,135
Miles, second and additional main track	2	2	2	...
Miles, yards and sidings.....	138	137	134	133

See Notes, page 302.

PERE MARQUETTE R. R.

Year	Avg. Miles		Year	Avg. Miles	
	Oper.	Gross		Oper.	Gross
1905-6	2,398	\$13,430,170	1907-8	2,362	\$13,691,876
1906-7	2,390	14,214,195	1908-9	2,349*	14,169,565

*Includes 246 miles trackage, also mileage of Lake Erie & Detroit River Ry. and London & Port Stanley Ry.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$4,538,900
Preferred, 1st (4%)..	11,157,100
Preferred, 2nd (4%)..	749,100
*Subsidiary Cos.	12,054,900

*Unexchanged old stocks of the Pere Marquette R. R. Does not include \$1,400,000 common stock of the L. E. & D. R. Ry. Co.

†Retired August 1, 1909.

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$55,037,000
Equipment	7,064,049
†Receiver's Cfts.	180,000

CAPITALIZATION

	Total	Per Mile
Stock	\$28,500,000	\$12,133
Bonds	62,281,049	26,514
Total	90,781,049	38,647

The Pere Marquette R. R. paid in 1908-9 \$699,066 in rentals (included in Fixed Charges below). Fixed Charges include also \$17,096 interest on Receiver's Certificates and \$14,122 loss from Outside Operations.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 2,349.

	Total	Per Mile
Gross Earnings	\$14,169,565	\$6,032
Operating Expenses	10,107,196	4,303
Net Earnings	4,062,369	1,729
Other Income	238,209	101
Total Net Income.....	4,300,578	1,830
Fixed Charges (including for Taxes, \$576,893)....	4,259,927	1,813
Surplus	40,651	17

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$1,669,220	\$711
Maintenance of Equipment.....	2,018,494	859
Traffic Expenses	349,971	149
Transportation Expenses	5,712,493	2,432
General Expenses	357,018	152

Ratio of Operating Expenses to Gross Earnings, 71.3 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7
For Maintenance Expenses.....	25.6%	26.2%	25.2%
For Traffic, Transportation and General Expenses.....	44.6%	47.6%	44.3%
For Fixed Charges.....	29.5%	29.0%	27.5%
For Surplus	0.3%	Deficit	3.0%
	100.0%		100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	715,657	669,038	717,743	677,378
Passenger miles per mile of road	80,770	75,660	69,900	65,674
Miles, yards and sidings.....	740	747	773	750

See Notes, page 303.

PITTSBURGH, CINCINNATI, CHICAGO & ST. LOUIS RY.

Avg. Miles			Ave. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1899	1,403	\$21,196,817	1904	1,423	\$28,532,475
1900	1,407	22,264,924	1905	1,427	31,417,095
1901	1,407	24,290,892	1906	1,429	34,485,501
1902	1,416	26,634,358	1907	1,472	37,646,590
1903	1,418	28,960,821	1908	1,472	30,912,886

See Notes for earnings for 1909.

STOCK OUTSTANDING

Dec. 31, 1908

*Common	.....	\$28,647,651
†Preferred (5%)	.....	27,463,574

*\$7,615,600 additional common stock was offered at par to stockholders of record Feb. 5, 1910.

†See Notes as to provisions governing the payment of dividends.

The balance sheet of December 31, 1908, showed an indebtedness to the Pennsylvania Company of \$1,800,000 account "advances for construction, etc." The balance due on account of principal of Car Trust contracts Dec. 31, 1908, was \$7,297,302 (not stated in Company's balance sheet).

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest		\$56,315,000
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CAPITALIZATION

	Total	Per Mile
Stock	\$56,111,225	\$38,119
Bonds	56,315,000	38,257
Total	112,426,225	76,376

The "Pan Handle" paid in 1908 \$1,307,109 in rentals (included in Fixed Charges below).

Fixed Charges below do not include the payment (\$596,133 account of principal of Car Trusts. Prior to the year 1906, these payments were included in Fixed Charges. Fixed Charges include \$19,650 advances to Cincinnati, Richmond & Ft. Wayne R. R.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

(Includes all lines directly operated.)

	Total	Per Mile
Average miles operated, 1,472.		
Gross Earnings	\$30,912,886	\$21,001
Operating Expenses	21,126,065	14,352
Net Earnings	9,786,821	6,649
Other Income	459,727	312
Total Net Income	10,246,548	6,961
Fixed Charges (including for Taxes, \$1,354,361)....	6,203,678	4,214
*Surplus (1909 surplus \$5,488,640).....	4,042,870	2,717

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$3,193,736	\$2,170
Maintenance of Equipment	5,339,910	3,628
Traffic Expenses	717,486	487
Transportation Expenses	11,185,190	7,599
General Expenses	689,743	468

Ratio of Operating Expenses to Gross Earnings, 68.3 per cent.

*This Surplus before deducting \$358,000 for Extraordinary Expenditures, \$596,133 account of Principal of Car Trusts and \$498,590 contributions to Sinking Fund.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses	27.2%	33.3%	32.6%	31.1%	29.4%	31.7%
For Traffic, Transportation and General Expenses	40.1%	39.0%	38.7%	39.9%	41.3%	41.5%
For Fixed Charges	19.8%	15.1%	15.7%	17.7%	19.1%	18.4%
For Surplus	12.9%	12.6%	13.0%	11.3%	10.2%	8.4%

100.0% 100.0% 100.0% 100.0% 100.0% 100.0%

	1908	1907	1906	1905
Ton miles per mile of road	2,178,300	2,917,443	2,690,091	2,440,148
Passenger miles per mile of road	248,399	261,950	238,504	221,620
Miles, second and additional				
Miles, yards and sidings	955	942	918	893
main track	630	614	564	484

See Notes, page 305.

PITTSBURGH, FORT WAYNE & CHICAGO RY.

(Pennsylvania Co. lessee.)

Year	Avg. Miles Oper.	Gross.	Year	Avg. Miles Oper.	Gross
1904	470	\$19,088,168	1907	470	25,969,368
1905	470	21,025,140	1908	471	21,139,152
1906	470	\$23,816,331			

STOCK OUTSTANDING

Dec. 31, 1908

Guaranteed Stock (7%)...\$19,714,286

Guaranteed Special (7%).. 41,487,700

*Does not include \$3,280,000 First Mortgage bonds and \$3,620,000 Second Mortgage bonds purchased and held in the Sinking Fund as of December 31, 1908.

BONDS OUTSTANDING

Dec. 31, 1908

*Fixed Interest.....\$5,510,000

CAPITALIZATION

	Total	Per Mile
Stock	\$61,201,986	\$129,941
Bonds	5,510,000	11,698
Total	66,711,986	141,639

Fixed Charges below include in addition to taxes and interest on bonds, \$522,606 for Hire of Equipment, \$47,582 taxes on capital stock, \$10,000 for maintaining organization, \$7,000 for New York Transfer Agency and \$2,000 for New York Registrar.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 471.

	Total	Per Mile
Gross Earnings	\$21,139,152	\$44,881
Operating Expenses	13,764,145	29,223
Net Earnings	7,375,007	15,658
Other Income	453,727	963
Total Net Income	7,828,734	16,621
Fixed Charges (including for Taxes, \$986,180) ..	2,075,368	4,406
*Surplus	5,753,366	12,215

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$1,577,372	\$3,349
Maintenance of Equipment	3,673,944	7,800
Traffic Expenses	476,912	1,012
Transportation Expenses	7,557,128	16,045
General Expenses	478,789	1,017

Ratio of Operating Expenses to Gross Earnings, 65.1 per cent.

*Of this surplus, \$4,190,293 was paid in dividends on Original Stock and Guaranteed Special Stock, the balance \$1,563,073 reverting to the Pennsylvania Co. as lessee.

APPROPRIATION OF GROSS INCOME

	1908	1907
For Maintenance Expenses	24.3%	34.2%
For Traffic, Transportation and General Expenses.....	39.4%	40.1%
For Fixed Charges	9.6%	5.4%
For Surplus	26.7%	20.3%
	100.0%	100.0%
	1908	1907
Ton miles per mile of road.....	4,746,441	6,678,717
Passenger miles per mile of road.....	515,995	546,091
Miles, second and additional main track.....	613	611
Miles, yards and sidings.....	527	524

See Notes, page 307.

THE EARNING POWER

PONTIAC, OXFORD & NORTHERN R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1905-6	100	\$200,037	*\$12,210	1907-8	100	\$214,539	\$12,616
1906-7	100	229,608	34,523	1908-9	100	226,931	20,265

*Deficit.

STOCK OUTSTANDING

BONDS OUTSTANDING

June 30, 1909		June 30, 1909	
Common.....	\$1,000,000	Fixed Interest.....	\$400,000
		Receiver's Certificates..	22,000

CAPITALIZATION

	Total	Per Mile
Stock	\$1,000,000	\$10,000
Bonds	422,000	4,220
Total	1,422,000	14,220

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 100.

	Total	Per Mile
Gross Earnings	\$226,931	\$2,269
Operating Expenses	154,898	1,549
Net Earnings	72,033	720
Total Net Income.....	72,033	720
Fixed Charges (including for Taxes, \$13,065)....	51,768	517
Surplus	20,265	203

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$50,492	\$505
Maintenance of Equipment.....	14,005	140
Traffic Expenses	2,878	29
Transportation Expenses	65,005	650
General Expenses	22,518	225

Ratio of Operating Expenses to Gross Earnings, 68.3 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9
Mor Maintenance Expenses.....	28.4%
For Traffic, Transportation and General Expenses.....	39.9%
For Fixed Charges.....	22.8%
For Surplus	8.9%
	100.0%

	1907-8	1906-7	1905-6
Ton miles per mile of road.....	43,250	51,956	44,505
Passenger miles per mile of road.....	33,375	32,696	31,826
Miles, yards and sidings.....	12	12	11

See Notes, page 308.

TOLEDO & OHIO CENTRAL RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	371	\$1,779,614	\$79,637	1903-4	441	\$3,598,684	\$431,300
1898-9	371	1,897,867	128,312	1904-5	441	3,766,651	368,402
1899-0	371	2,368,971	361,556	1905-6	441	4,072,163	553,927
1900-1	390	2,571,722	210,356	1906-7	441	4,866,661	1,185,295
1901-2	393	2,877,659	139,605	1907-8	441	4,191,999	861,984
1902-3	436	3,446,747	325,425	1908-9	*441	4,089,607	739,201

*Includes 46 miles trackage.

STOCK OUTSTANDING

June 30, 1909

Common.....\$5,852,100

Preferred (5%)..... 3,708,000

See Notes as to guaranteed bonds.

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....\$8,500,000

Equipment..... 708,094

CAPITALIZATION

	Total	Per Mile
Stock	\$9,560,100	\$21,678
Bonds	9,208,094	20,880
Total	18,768,194	42,558

The Toledo & Ohio Central Ry. paid in 1908-9 \$71,167 in rentals (included in Fixed Charges below). Fixed Charges include also \$4,601 "Deficit of Subsidiary Companies," against \$77,209 in 1907-8.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 441.	Total	Per Mile
Gross Earnings	\$4,089,607	\$9,273
Operating Expenses	2,763,154	6,265
Net Earnings	1,326,453	3,008
Other Income	89,930	204
Total Net Income	1,416,383	3,212
Fixed Charges (including for Taxes, \$161,361)....	677,182	1,536
*Surplus	739,201	1,676

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$584,424	\$1,325
Maintenance of Equipment	692,638	1,570
Traffic Expenses	64,178	146
Transportation Expenses	1,356,529	3,076
General Expenses	65,385	148

Ratio of Operating Expenses to Gross Earnings, 67.6 per cent.

*This Surplus before deducting \$101,444 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	30.5%	28.7%	29.9%	35.1%	35.0%	31.6%
For Traffic, Transportation and General Expenses.....	35.6%	35.1%	33.8%	36.3%	38.8%	40.4%
For Fixed Charges.....	16.2%	16.5%	12.4%	14.9%	16.4%	16.3%
For Surplus	17.7%	19.7%	23.9%	13.7%	9.8%	11.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	1,680,349	1,693,920	2,222,376	1,755,352
Passenger miles per mile of road	85,625	82,868	80,521	77,149
Miles, second and additional main track	4	4	207	207
Miles, yards and sidings.....	203	203	207	207

See Notes, page 308.

TOLEDO, PEORIA & WESTERN RY.

Year	Avg. Miles Oper.	Gross	Surplus	Year	Avg. Miles Oper.	Gross	Surplus
1895-6	247	\$1,010,270	\$9,089	1902-3	247	\$1,239,974	\$2,845
1896-7	247	888,881	†37,197	1903-4	247	1,308,716	1,547
1897-8	247	982,650	5,567	1904-5	247	1,281,443	†32,872
1898-9	247	976,658	350	1905-6	247	1,293,394	†21,642
1899-0	247	1,077,904	746	1906-7	247	1,300,216	1,672
1900-1	247	1,157,079	1,263	1907-8	247	1,221,480	†36,232
1901-2	247	1,152,034	2,256	1908-9	*248	1,094,158	†51,004

*Includes 17 miles trackage.

†Deficit.

STOCK OUTSTANDING

June 30, 1909

Common.....\$4,076,900

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....\$4,895,000
Equipment 430,431
Bills Payable 482,000

CAPITALIZATION

	Total	Per Mile
Stock	\$4,076,900	\$16,439
Bonds	5,807,431	23,417
Total	9,884,331	39,856

The Toledo, Peoria & Western Ry. paid in 1908-9 \$3,648 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 248.

	Total	Per Mile
Gross Earnings	\$1,094,158	\$4,412
Operating Expenses	889,812	3,588
Net Earnings	204,346	824
Other Income	26,896	108
Total Net Income	231,242	932
Fixed Charges (including for Taxes, \$50,143)....	282,246	1,138
*Deficit	51,004	206

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$190,482	\$768
Maintenance of Equipment	218,391	881
Traffic Expenses	25,254	102
Transportation Expenses	416,641	1,680
General Expenses	39,044	157

Ratio of Operating Expenses to Gross Earnings, 81.3 per cent.

*This Deficit does not include \$18,085 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	36.5%	39.2%	42.0%	39.6%	39.3%	37.6%
For Traffic, Transportation and General Expenses.....	42.9%	41.0%	35.8%	40.8%	41.0%	41.1%
For Fixed Charges	25.2%	22.7%	22.1%	21.3%	22.2%	21.2%
For Surplus	Deficit	Deficit	0.1%	Deficit	Deficit	0.1%
			100.0%			100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	195,281	264,775	261,474	242,790
Passenger miles per mile of road	79,967	72,661	64,562	63,156
Miles, yards and sidings.....	45	47	47	47

See Notes, page 309.

TOLEDO, ST. LOUIS & WESTERN R. R.

Year	Avg. Miles Oper.	Gross	Surplus	Year	Avg. Miles Oper.	Gross	Surplus
1899-0	451	\$1,940,378	.....	1904-5	451	\$3,785,165	\$238,978
1900-1	451	2,490,566	\$82,555	1905-6	451	4,205,051	490,573
1901-2	451	2,640,880	55,690	1906-7	451	4,181,966	645,067
1902-3	451	3,111,358	171,639	1907-8	451	3,818,467	417,787
1903-4	451	3,341,648	223,944	1908-9	451	3,428,644	938,295

STOCK OUTSTANDING

June 30, 1909

Common.....	\$10,000,000
Preferred (4%).....	10,000,000

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....	\$27,577,000
Equipment.....	750,000

*Includes \$11,521,000 Gold Bonds of 1917 issued in connection with the purchase of Chicago & Alton R. R. securities. See Notes.

CAPITALIZATION

	Total	Per Mile
Stock	\$20,000,000	\$44,346
Bonds	28,327,000	62,809
Total	48,327,000	107,155

The Toledo, St. Louis & Western R.R. paid in 1908-9 \$21.140 in rentals (included in Fixed Charges below). Fixed Charges include also \$114.-777 for Hire of Equipment and \$360,140 interest on Gold Bonds of 1917, issued in payment for stock of Chicago & Alton R. R. See Notes.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 451.	Total	Per Mile
Gross Earnings	\$3,428,644	\$7,602
Operating Expenses	2,077,721	4,607
Net Earnings	1,350,923	2,995
Other Income	883,614	1,959
Total Net Income	2,234,537	4,954
Fixed Charges (including for Taxes, \$148,711)....	1,296,242	2,874
Surplus	938,295	2,080

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$374,456	\$830
Maintenance of Equipment	378,036	838
Traffic Expenses	71,487	159
Transportation Expenses	1,158,379	2,569
General Expenses	95,363	211

Ratio of Operating Expenses to Gross Earnings, 60.6 per cent.

Other Income above includes \$258,200 representing 4 per cent. on 64,800 shares preferred stock and \$576,800 representing 4 per cent. on 144,200 shares common stock of the Chicago & Alton R. R. Co.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	17.4%	22.4%	24.8%	26.3%	25.9%	26.9%
For Traffic, Transportation and General Expenses....	30.7%	38.4%	41.7%	44.9%	48.9%	45.6%
For Fixed Charges.....	30.1%	29.4	18.2%	17.2%	18.9%	20.9%
For Surplus	21.8%	9.8%	15.3%	11.6%	6.3%	6.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road.....	1,179,885	1,359,262	1,486,365	1,495,636
Passenger miles per mile of road	61,367	72,160	63,714	65,401
Miles, yards and sidings.....	171	170	171	163

See Notes, page 310.

THE EARNING POWER

VANDALIA R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1904	824	\$8,261,782	\$1,995,052	1907	829	\$10,053,186	\$1,079,545
1905	824	7,845,222	985,465	1908	829	8,582,670	739,592
1906	828	8,904,859	1,060,552				

STOCK OUTSTANDING

Dec. 31, 1908

Common.....	\$14,591,500
For Unconverted Stock.	58,016

BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....	\$15,399,000
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CAPITALIZATION

	Total	Per Mile
Stock	\$14,649,516	\$17,671
Bonds	15,399,000	18,576
Total	30,048,516	36,247

The Vandalia R. R. paid in 1908 \$362,609 in rentals (included in Fixed Charges below). Included in this total is \$213,028, the rental of the Terre Haute & Peoria R. R., being 30 per cent. of the latter's gross earnings. Fixed Charges below include \$123,932 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

Average miles operated, 829.

	Total	Per Mile
Gross Earnings	\$8,582,670	\$10,353
Operating Expenses	6,436,637	7,764
Net Earnings	2,146,033	2,589
Other Income	23,264	28
Total Net Income	2,169,297	2,617
Fixed Charges (including for Taxes, \$292,500)....	1,420,705	1,725
Surplus (1909 surplus \$896,291).....	739,592	892

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$1,201,854	\$1,450
Maintenance of Equipment.....	1,380,429	1,665
Traffic Expenses	256,116	309
Transportation Expenses.....	3,386,634	4,085
General Expenses	211,604	255

Ratio of Operating Expenses to Gross Earnings, 75.0 per cent.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904
For Maintenance Expenses.....	30.0%	33.4%	32.5%	30.2%	28.5%
For Traffic, Transportation and Gen- eral Expenses	44.8%	42.9%	41.8%	45.0%	46.8%
For Fixed Charges	16.6%	13.0%	13.9%	12.3%	13.3%
For Surplus	8.6%	10.7%	11.8%	12.5%	11.9%

100.0% 100.0% 100.0% 100.0% 100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	946.712	1,201,824	1,036,588	862,064
Passenger miles per mile of road	128,866	135,007	116,350	107,071
Miles, second and additional main track	45	22	19	19
Miles, yards and sidings.....	436	432	406	395

See Notes, page 311.

WABASH R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1903-4	2,517	\$23,023,677	\$1,034,398	1906-7	2,516	\$27,432,573	\$2,467,741
1904-5	2,517	24,696,600	*291,503	1907-8	2,515	25,740,074	455,709
1905-6	2,517	25,015,378	2,267,960	1908-9	2,515	25,868,033	*33,656

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$50,141,453
Preferred (7%).....	39,141,453
*Debentures "B".....	1,369,000

* All of the \$35,000,000 "A" Debentures and the balance of the \$26,500,000 "B" Debentures are deposited under agreement of August 15, 1906. See Notes.

† Includes \$546,220 bonds held in Treasury.

‡ Does not include \$450,000 Loans Payable shown in Balance Sheet. See Notes as to explanation regarding decrease in Total Capitalization

BONDS OUTSTANDING

June 30, 1909

†Fixed Interest.....	\$96,591,152
Equipment.....	6,265,000
†Notes.....	6,049,000

CAPITALIZATION

	Total	Per Mile
Stock	\$93,651,906	\$37,238
Bonds	108,905,152	43,302
Total	202,557,058	80,540

The Wabash R. R. paid in 1908-9 \$1,582,486 in rentals (included in Fixed Charges below).

Fixed Charges below include \$63,360 paid account of Sinking Fund, also interest paid on Debenture "A" and "B" bonds and the net interest paid on the First Refunding and Extension bonds less the dividends received from Debentures owned by Company. Fixed Charges include also \$726,318 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 2,515.	Total	Per Mile
Gross Earnings	\$25,868,033	\$10,286
Operating Expenses	18,757,184	7,458
Net Earnings	7,110,849	2,828
Other Income	1,137,445	452
Total Net Income	8,248,294	3,280
Fixed Charges (including for Taxes, \$809,637)....	8,281,950	3,293
*Deficit	33,656	13

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$3,112,598	\$1,238
Maintenance of Equipment	3,966,180	1,577
Traffic Expenses	836,493	332
Transportation Expenses	10,024,796	3,986
General Expenses	817,117	325

Ratio of Operating Expenses to Gross Earnings, 72.5 per cent.

* This Deficit does not include \$125,603 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	26.2%	26.6%	23.5%	25.9%	33.5%	30.2%
For Traffic, Transportation and General Expenses.....	43.2%	44.2%	45.2%	43.0%	46.6%	44.5%
For Fixed Charges.....	30.7%	27.5%	22.6%	22.5%	20.9%	20.9%
For Surplus	Deficit	1.7%	8.7%	8.6%	Deficit	4.4%

	100.0%	100.0%	100.0%	100.0%
	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road.....	1,172,968	1,245,580	1,320,475	1,179,659
Passenger miles per mile of road	141,543	143,147	146,770	143,033
Miles, second and additional main track	299	294	236	214
Miles, yards and sidings.....	1,059	998	980	949

See Notes, page 312.

WHEELING & LAKE ERIE R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1899-0	393	\$2,670,025	1904-5	442	\$4,595,607
1900-1	442	2,954,105	1905-6	442	5,318,801
1901-2	442	3,537,023	1906-7	442	6,124,207
1902-3	442	4,234,771	1907-8	442	5,397,001
1903-4	442	4,325,282	1908-9	442	5,633,645

* Deficit. † Estimated, see explanation below.

STOCK OUTSTANDING

June 30, 1909

Common	\$20,000,000
Preferred 1st (4%)	4,986,900
Preferred 2nd (4%)	11,993,500

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest	\$15,000,000
Equipment	2,579,500
Received Ctfs.	3,249,350
Notes	8,000,000

* See Notes as to New General Mortgage 4 per cent. bonds authorized in 1905, of which \$12,000,000 bonds are deposited as security for \$8,000,000 5 per cent. Notes, which matured August 1, 1908, but which were outstanding June 30, 1909. The principal of these Notes, which were issued to meet expenditures made for additions, improvements, etc., was not paid off at maturity, and they were purchased by a syndicate.

CAPITALIZATION

	Total	Per Mile
Stock	\$36,980,400	\$83,666
Bonds	28,828,850	65,224
Total	65,809,250	148,890

The Wheeling & Lake Erie R. R. paid in 1908-9 \$37,395 in rentals, \$59,566 for Hire of Equipment and \$182,169 for Rental of Equipment from Wabash R. R. (all included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

	Total	Per Mile
Average miles operated, 442.		
Gross Earnings	\$5,633,645	\$12,746
Operating Expenses	4,200,718	9,504
Net Earnings	1,432,927	3,242
Other Income	33,882	77
Total Net Income	1,466,809	3,319
Fixed Charges (including for Taxes, \$260,336)	*1,888,139	4,272
Deficit	*421,330	953

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$617,956	\$1,398
Maintenance of Equipment	1,380,978	3,124
Traffic Expenses	74,231	168
Transportation Expenses	1,947,807	4,407
General Expenses	179,746	407

Ratio of Operating Expenses to Gross Earnings, 74.6 per cent.

* The annual report of the Company shows charges of \$1,439,378, and surplus of \$27,431. These charges, however, include only a small portion of the interest charges, the balance having been paid through the issuance of Receiver's Certificates. The statement shown above is an approximate one, showing interest charges in full on Bonds, Notes, Equipment Securities and Receiver's Certificates outstanding, rentals, Hire of Equipment and Taxes (see Notes).

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses	35.3%	32.7%	28.4%	31.3%	32.6%	32.0%
For Traffic, Transportation and General Expenses	38.9%	44.6%	37.7%	39.4%	46.6%	42.5%
For Fixed Charges	33.3%	33.5%	28.6%	26.4%	25.0%	24.0%
For Surplus	Deficit	Deficit	5.3%	2.9%	Deficit	1.5%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road	2,118,216	2,210,107	2,677,276	2,191,627
Passenger miles per mile of road	68,846	69,461	63,210	59,266
Miles, second track	4	4	4	4
Miles, yards and sidings	302	...	286	286

See Notes, page 315.

WISCONSIN CENTRAL RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896-7	934	\$4,179,971	.....	1903-4	977	\$6,466,176	\$424,247
1897-8	934	4,339,725	.....	1904-5	977	6,650,884	555,844
1898-9	939	5,118,019	.....	1905-6	977	7,118,576	892,188
1899-0	945	5,637,416	\$492,915	1906-7	1,018	7,577,179	1,063,456
1900-1	955	5,324,274	246,117	1907-8	1,023	7,397,311	351,009
1901-2	978	6,041,470	489,194	1908-9	*976	7,494,355	448,043
1902-3	978	6,651,862	724,972				

*The decrease in Average Miles Operated is caused by classifying "Spurs to Industries" as Sidings instead of Main Line. Tracks operated actually increased 129 miles.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$16,147,876
Preferred (4%).....	11,267,104

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$34,429,306
Equipment	1,854,615

CAPITALIZATION

	Total	Per Mile
Stock	\$27,414,980	\$28,089
Bonds	36,283,921	37,176
Total	63,698,901	65,265

The Wisconsin Central Ry. paid in 1908-9 \$318,615 in rentals (included in Fixed Charges below). Fixed Charges include also \$72,951 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 976.	Total	Per Mile
Gross Earnings	\$7,494,355	\$7,679
Operating Expenses	5,094,507	5,220
Net Earnings	2,399,848	2,459
Other Income	34,724	35
Total Net Income	2,434,572	2,494
Fixed Charges (including for Taxes, \$350,627)....	1,986,529	2,035
Surplus	448,043	459

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$850,366	\$871
Maintenance of Equipment	1,019,772	1,045
Traffic Expenses	282,346	289
Transportation Expenses	2,705,385	2,772
General Expenses	236,638	243

Ratio of Operating Expenses to Gross Earnings, 68.0 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	24.8%	25.7%	21.7%	23.3%	24.5%	22.2%
For Traffic, Transportation and General Expenses.....	42.8%	44.1%	40.4%	40.2%	40.8%	44.4%
For Fixed Charges.....	26.4%	25.5%	23.9%	25.2%	26.4%	26.9%
For Surplus	6.0%	4.7%	14.0%	11.3%	8.3%	6.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	856,756	774,662	795,532	822,935
Passenger miles per mile of road	89,636	83,444	76,713	71,748
Miles, yards and sidings	403	281	274	273

See Notes, page 319.

ATLANTA & WEST POINT R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1895-6	86	\$534,115	1902-3	86	\$808,373
1896-7	86	554,447	1903-4	86	853,647
1897-8	86	575,259	1904-5	86	913,208
1898-9	86	606,664	1905-6	86	1,024,653
1899-0	86	702,472	1906-7	86	1,160,780
1900-1	86	740,689	1907-8	86	1,151,791
1901-2	86	763,712	1908-9	86	964,917
		Surplus			Surplus
		\$128,483			\$217,161
		140,209			232,837
		148,703			254,001
		150,568			287,193
		171,184			309,874
		140,045			119,365
		188,544			78,117

STOCK OUTSTANDING

June 30, 1909

*Common..... \$1,232,200

BONDS OUTSTANDING

June 30, 1909

Debentures (6%)..... \$1,232,000

*See Notes regarding sale at par to stockholders of \$1,232,200 new stock, and retirement of the debentures.

CAPITALIZATION

	Total	Per Mile
Stock	\$1,232,000	\$14,326
Debentures	1,232,000	14,326
Total	2,464,000	28,652

The Atlanta & West Point R. R. paid in 1908-9 \$42,317 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 86.

	Total	Per Mile
Gross Earnings	\$964,917	\$11,220
Operating Expenses	759,056	8,826
Net Earnings	205,861	2,394
Other Income	35,616	414
Total Net Income	241,477	2,808
Fixed Charges (including for Taxes, \$46,035).....	163,360	1,900
Surplus	78,117	908

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$115,917	\$1,348
Maintenance of Equipment.....	210,659	2,450
Traffic Expenses	53,705	624
Transportation Expenses	325,334	3,783
General Expenses	53,441	621

Ratio of Operating Expenses to Gross Earnings, 78.7 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	32.7%	36.3%	27.7%	28.3%	27.9%	27.6%
For Traffic, Transportation and General Expenses....	43.2%	40.3%	34.9%	32.1%	31.9%	31.9%
For Fixed Charges.....	16.3%	13.4%	10.9%	11.9%	12.7%	13.4%
For Surplus	7.8%	10.0%	26.5%	27.7%	27.5%	27.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	392,577	489,384	513,164	466,381
Passenger miles per mile of road	227,645	229,333	210,955	192,921
Miles, second and additional main track	2	2	2	2
Miles, yards and sidings.....	23	21	23	21

See Notes, page 322.

ATLANTA, BIRMINGHAM & ATLANTIC R. R.

(Receivers appointed January 2, 1909. See Notes for information available as to Earnings for 1908-9.)

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1903-4	*220	\$672,229	\$107,866	1906-7	293	\$1,589,148	\$49,077
1904-5	†337	1,001,513	80,692	1907-8	‡491	1,583,805	44,638
1905-6	‡324	1,128,327	73,858				

*Operated by three separate companies from July, 1903, to Dec. 1903.

†Atlantic & Birmingham Ry. and Brunswick & Birmingham R. R.

‡Includes operations of A. & B. Ry. for ten months and of A., B. & A. R. R. for two months.

§On June 30, 1908, 572 miles were operated. Since Oct. 1, 1908, 640 miles have been operated.

STOCK OUTSTANDING

June 30, 1908

*Common..... \$9,743,800

*Preferred (5%)..... 4,822,000

BONDS OUTSTANDING

June 30, 1908

†Fixed Interest \$18,533,000

Equipment 2,932,199

*Does not include Common stock and Preferred stock deposited as collateral for Atlantic & Birmingham Construction Co. Collateral Trust 5% Notes. The total amount issued to June 30, 1908, was \$25,000,000 common stock and \$10,000,000 preferred stock, the table above showing only the amount in the hands of the public at that date.

†Includes \$4,000,000 Atlantic & Birmingham Ry. 1st Mortgage 5% bonds due 1934, and \$14,443,000 A., B. & A. R. R. 1st Mortgage 5% bonds due 1936, but does not include \$8,000,000 Atlantic & Birmingham Construction Co. Collateral Trust 5% Notes due May 1, 1910, these notes being the joint obligation of the Construction Co. and the A., B. & A. R. R. See Notes.

CAPITALIZATION

	Total	Per Mile
Stock	\$14,565,800	\$29,666
Bonds	21,465,199	43,717
Total	36,030,999	73,383

Fixed Charges below include but \$473,714 account of all interest. See Notes for facts regarding extensions, present financial condition, etc.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1908

	Total	Per Mile
Average miles operated, 491.		
Gross Earnings	\$1,583,805	\$3,226
Operating Expenses	1,157,142	2,357
Net Earnings	426,663	869
Other Income	136,689	278
Total Net Income	563,352	1,147
Fixed Charges (including for Taxes, \$45,001)....	518,714	1,056
Surplus	44,638	91

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$252,653	\$515
Maintenance of Equipment	254,782	519
Traffic Expenses	49,334	100
Transportation Expenses	543,966	1,108
General Expenses	56,407	115

Ratio of Operating Expenses to Gross Earnings, 73.1 per cent.

APPROPRIATION OF GROSS INCOME

	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	29.5%	27.9%	26.1%	26.7%	24.4%
For Traffic, Transportation and General Expenses	37.8%	45.0%	43.5%	40.9%	42.1%
For Fixed Charges	30.1%	24.0%	23.9%	24.4%	17.5%
For Surplus	2.6%	3.1%	6.5%	8.0%	16.0%
	1907-8	1906-7	1905-6	1904-5	
Ton miles per mile of road.....	198,050	220,099	203,764	160,361	
Passenger miles per mile of road	29,087	33,453	33,320	29,266	

See Notes, page 323.

ATLANTIC COAST LINE R. R.

Year	Avg. Miles		Gross	Surplus	Year	Avg. Miles		Gross	Surplus
	Oper.					Oper.			
1901-2	1,756		\$8,549,526	\$2,270,257	1905-6	4,327		\$24,868,448	\$4,816,942
1902-3	4,139		19,682,456	2,993,029	1906-7	4,347		26,771,528	3,117,955
1903-4	4,192		20,544,975	4,283,482	1907-8	4,365		26,029,052	2,781,147
1904-5	4,307		22,222,902	4,669,712	1908-9	4,434		26,114,065	4,628,779

STOCK OUTSTANDING

June 30, 1909

Common.....	\$47,537,600
Preferred (5%).....	1,596,600
Class "A," (R.&P.R.R.)	1,000,000
B. & W. Income Bonds.	56,000

*Does not include \$2,970,000 Notes due 1910 and \$1,600,000 Wilmington, Columbia & Augusta R. R. 6 per cent. bonds due 1910, the equivalent in cash being held in reserve to pay these off at maturity.

†Includes \$4,413,450 bonds in Treasury.

‡Includes \$2,430,800 held in Treasury. See Notes regarding dividend paid with part of these certificates.

*BONDS OUTSTANDING

June 30, 1909

†Fixed Interest	\$82,065,450
‡Cert's of Indebtedness	21,568,100
L. & N. Stock Coll...	35,000,000
Equipment	3,765,000

CAPITALIZATION.

	Total	Per Mile
Stock	\$50,190,200	\$11,319
Bonds	142,398,550	32,115
Total	192,588,750	43,434

The Atlantic Coast Line R. R. paid in 1908-9 \$91,384 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 4,434.	Total	Per Mile
Gross Earnings	\$26,144,065	\$5,896
Operating Expenses	16,943,361	3,821
Net Earnings	9,200,704	2,075
Other Income	2,898,765	654
Total Net Income	12,099,469	2,729
Fixed Charges (including for Taxes, \$1,119,538)...	7,470,690	1,685
Surplus	4,628,779	1,044

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$3,566,702	\$804
Maintenance of Equipment	3,681,457	830
Traffic Expenses	430,092	97
Transportation Expenses	8,520,714	1,922
General Expenses	744,396	168

Ratio of Operating Expenses to Gross Earnings, 64.8 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses..	25.0%	27.1%	26.7%	23.8%	21.9%	20.5%
For Traffic, Transportation and General Expenses....	33.4%	37.9%	39.8%	34.8%	32.9%	33.0%
For Fixed Charges	25.7%	25.5%	22.9%	23.8%	26.1%	27.7%
For Surplus	15.9%	9.5%	10.6%	17.6%	19.1%	18.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	328,211	329,034	343,683	310,722
Passenger miles per mile of road	58,701	60,000	54,641	48,991
Miles, second and additional main track	86	86	61	61
Miles, yards and sidings	..	901	785	746

See Notes, page 325.

CAROLINA & NORTHWESTERN RY.

Year	Avg. Miles		Gross	Surplus	Year	Avg. Miles		Gross	Surplus
	Oper.					Oper.			
1906-7	110		\$356,629	\$27,919	1908-9	110		\$314,020	\$11,091
1907-8	110		313,253	*11,078					

*Deficit.

†Includes 9 miles of trackage.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$854,250
Preferred (4%)	550,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$1,534,000
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CAPITALIZATION

	Total	Per Mile
Stock	\$1,404,250	\$12,766
Bonds	1,534,000	13,945
Total	2,938,250	26,711

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 110.

	Total	Per Mile
Gross Earnings	\$314,020	\$2,855
Operating Expenses	203,644	1,851
Net Earnings	110,376	1,004
Other Income	143	1
Total Net Income.....	110,519	1,005
Fixed Charges (including for Taxes, \$10,555).....	99,428	904
Surplus	11,091	101

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$50,677	\$461
Maintenance of Equipment.....	25,896	235
Traffic Expenses	5,084	46
Transportation Expenses	102,294	930
General Expenses	19,693	179

Ratio of Operating Expenses to Gross Earnings, 64.8 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9
For Maintenance Expenses.....	24.4%
For Traffic, Transportation and General Expenses.....	40.4%
For Fixed Charges.....	31.7%
For Surplus	3.5%
	100.0%

	1908-9	1907-8
Ton miles per mile of road.....	46,500	
Passenger miles per mile of road.....	23,813	
Miles, yards and sidings.....	14	11

See Notes, page 328.

CENTRAL OF GEORGIA RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	1,456	\$5,429,082	.....	1902-3	1,845	\$9,164,471	\$203,508
1896-7	1,491	5,280,696	\$315,963	1903-4	1,865	9,396,931	338,467
1897-8	1,524	5,507,070	73,143	1904-5	1,878	10,135,055	854,517
1898-9	1,524	5,767,345	58,889	1905-6	1,878	11,396,123	1,250,671
1899-0	1,539	6,086,263	130,966	1906-7	1,899	12,082,777	448,126
1900-1	1,678	6,920,715	201,352	1907-8	1,913	11,383,013	319,342
1901-2	1,845	7,750,691	122,940	1908-9	1,916	11,155,182	1,052,264

STOCK OUTSTANDING

June 30, 1909

Common.....	\$5,000,000
Incomes 1st (5%).....	4,000,000
Incomes 2nd (5%).....	7,000,000
Incomes 3rd (5%).....	4,000,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$36,653,000
Equipment.....	3,176,617
Notes due 1912.....	650,000

CAPITALIZATION

	Total	Per Mile
Stock and Income Bonds.....	\$20,000,000	\$10.438
Bonds.....	40,479,617	21.127
Total.....	60,479,617	31.565

The Central of Georgia Ry. paid in 1908-9 \$483,430 in rentals (included in Fixed Charges below). Fixed Charges below include also \$60,000 for bonds retired. Other Income below includes \$300,000 being a dividend on stock of the Ocean Steamship Co.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,916.	Total	Per Mile
Gross Earnings.....	\$11,155,182	\$5.822
Operating Expenses.....	7,862,036	4.103
Net Earnings.....	3,293,146	1.719
Other Income.....	782,204	.408
Total Net Income.....	4,075,350	2.127
Fixed Charges (including for Taxes, \$487,827)....	3,022,086	1.577
*Surplus.....	1,053,264	.550

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$1,544,714	\$806
Maintenance of Equipment.....	2,119,689	1,106
Traffic Expenses.....	321,621	168
Transportation Expenses.....	3,432,075	1,791
General Expenses.....	443,937	232

Ratio of Operating Expenses to Gross Earnings, 70.5 per cent.

*This Surplus before deducting \$677,567 expended for Betterments, and \$159,535 reserved for Betterments; also before deducting \$213,502 for Taxes on certain securities owned for period prior to July 1, 1908.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	30.7%	30.9%	30.9%	30.5%	32.3%	32.1%
For Traffic, Transportation and General Expenses.....	35.2%	41.0%	43.2%	37.0%	36.0%	39.3%
For Fixed Charges.....	25.3%	25.4%	22.3%	21.7%	23.5%	25.1%
For Surplus.....	8.8%	2.7%	3.6%	10.8%	8.2%	3.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road.....	359,251	367,623	410,860	373,330
Passenger miles per mile of road	66,711	66,900	64,112	59,737
Miles, second and additional main track.....	6	5	3	3
Miles, yards and sidings.....	538	537	509	456

See Notes, page 329.

CHARLESTON & WESTERN CAROLINA RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1901-2	340	\$963,760	\$38,773	1905-6	341	\$1,513,158	\$131,947
1902-3	340	1,123,156	207	1906-7	341	1,516,083	9,745
1903-4	340	1,159,174	49,493	1907-8	340	1,408,139	3,874
1904-5	340	1,250,920	74,401	1908-9	340	1,410,030	113,579

STOCK OUTSTANDING

June 30, 1909

Common.....	\$1,200,000
Income Bonds (5%)...	2,380,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$3,320,000
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CAPITALIZATION.

	Total	Per Mile
Stock and Income Bonds.....	\$3,580,000	\$10,529
Bonds	3,320,000	9,765
Total	6,900,000	20,294

The Charleston & Western Carolina Ry. paid in 1908-9 \$3,582 in rentals (included in Fixed Charges below). Fixed Charges include also \$18,283 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 340.

	Total	Per Mile
Gross Earnings	\$1,410,030	\$4,147
Operating Expenses	1,071,311	3,151
Net Earnings	338,719	996
Other Income	22,426	66
Total Net Income.....	361,145	1,062
Fixed Charges (including for Taxes, \$53,701).....	247,566	728
Surplus	113,579	334

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$299,676	\$882
Maintenance of Equipment.....	175,753	517
Traffic Expenses	30,721	90
Transportation Expenses	520,494	1,531
General Expenses	44,667	131

Ratio of Operating Expenses to Gross Earnings, 76.0 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	33.2%	35.7%	30.4%	39.6%	39.3%	38.6%
For Traffic, Transportation and General Expenses.....	41.6%	45.8%	54.8%	37.4%	37.6%	38.8%
For Fixed Charges.....	17.3%	18.2%	14.2%	14.4%	17.2%	18.4%
For Surplus	7.9%	0.3%	0.6%	8.6%	5.9%	4.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	193,876	217,631	237,426	238,911
Passenger miles per mile of road	33,497	31,319	25,895	24,963
Miles, yards and sidings.....	74	73	65	61

See Notes, page 331.

CHESAPEAKE & OHIO RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	1,360	\$11,788,557	\$672,543	1903-4	1,651	\$19,297,525	\$1,944,511
1898-9	1,445	12,009,839	706,132	1904-5	1,672	20,724,371	2,871,639
1899-0	1,476	13,402,070	1,156,582	1905-6	1,794	24,602,988	4,607,223
1900-1	1,506	15,371,541	2,001,897	1906-7	1,827	25,796,861	3,392,999
1901-2	1,618	16,524,379	2,060,409	1907-8	1,840	25,843,272	2,784,387
1902-3	1,637	16,711,602	1,269,604	1908-9	1,897	26,630,718	4,012,127

STOCK OUTSTANDING

June 30, 1909	
Common.....	\$62,790,700
Preferred (1st)	7,700
Preferred (2nd)	700

BONDS OUTSTANDING

June 30, 1909	
*Fixed Interest.....	\$101,819,000
Equipment	12,410,000

*See Notes regarding issue of \$11,000,000 General Funding and Improvement 5 per cent. bonds (included above); also as to payment of \$7,500,000 6 per cent. Notes (not included above) July 1, 1909

CAPITALIZATION

	Total	Per Mile
Stock	\$62,799,100	\$33,104
Bonds	114,229,000	60,216
Total	177,028,100	93,320

The Chesapeake & Ohio Ry. paid in 1908-9 \$626,649 in rentals (included in Fixed Charges below). Prior to 1905-6 Rentals were charged to Operating Expenses. Fixed Charges below include \$59,722 loss on C. & O. Grain Elevators.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,897.	Total	Per Mile
Gross Earnings	\$26,630,718	\$14,038
Operating Expenses	16,366,838	8,628
Net Earnings	10,263,880	5,410
Other Income	708,863	374
Total Net Income	10,972,743	5,784
Fixed Charges (Including for Taxes, \$801,600)....	6,960,616	3,669
*Surplus	4,012,127	2,115

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$3,101,151	\$1,635
Maintenance of Equipment	4,938,938	2,604
Traffic Expenses	466,042	246
Transportation Expenses	7,328,683	3,863
General Expenses	532,024	280

Ratio of Operating Expenses to Gross Earnings. 61.5 per cent.

*This Surplus before deducting \$212,449 for Extraordinary Expenditures, \$1,005,000 paid account of principal of Equipment Trusts, and \$19,400 paid account of Greenbrier Ry. Sinking Fund.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	29.4%	32.0%	30.0%	28.7%	29.5%	30.7%
For Traffic, Transportation and General Expenses.....	30.5%	32.6%	34.0%	31.2%	33.4%	35.0%
For Fixed Charges.....	25.4%	25.0%	23.0%	21.5%	22.8%	24.3%
For Surplus	14.7%	10.4%	13.0%	18.6%	14.3%	10.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	2,686,677	2,459,008	2,526,874	2,575,392
Passenger miles per mile of road	114,781	*155,806	124,035	110,648
Miles, second and additional main track	402	380	353	334
Miles, yards and sidings.....	754	735	727	682

*Increase in density of passenger traffic due to Jamestown Exposition traffic.

See Notes, page 331.

GEORGIA SOUTHERN & FLORIDA RY.

Year	Avg. Miles		Gross	Surplus	Year	Avg. Miles		Gross	Surplus
	Oper.					Oper.			
1895-6	285		\$860,115	\$79,586	1902-3	358		\$1,635,191	\$154,898
1896-7	285		863,542	92,690	1903-4	395		1,693,541	143,885
1897-8	285		949,627	122,326	1904-5	395		1,714,702	135,677
1908-9	285		953,798	80,135	1905-6	395		1,944,946	160,159
1899-0	285		1,180,412	134,918	1906-7	395		2,273,345	118,275
1900-1	285		1,203,811	123,406	1907-8	395		1,963,546	109,398
1901-2	285		1,250,876	119,009	1908-9	395		1,996,937	200,288

STOCK OUTSTANDING

June 30, 1909

Common.....	\$2,000,000
Preferred 1st (5%)....	684,000
Preferred 2nd (5%)...	1,084,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$6,038,000
Equipment	259,000

CAPITALIZATION

	Total	Per Mile
Stock	\$3,768,000	\$9,539
Bonds	6,297,000	15,942
Total	10,065,000	25,481

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 395.

	Total	Per Mile
Gross Earnings	\$1,996,937	\$5,056
Operating Expenses	1,442,018	3,651
Net Earnings	554,919	1,405
Other Income	66,806	169
Total Net Income	621,725	1,574
Fixed charges (including for Taxes, 98,807).....	421,437	1,067
*Surplus	200,288	507

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$183,842	\$465
Maintenance of Equipment	331,828	840
Traffic Expenses	63,297	160
Transportation Expenses	761,378	1,928
General Expenses	101,673	258

Ratio of Operating Expenses to Gross Earnings, 72.2 per cent.

*This Surplus before deducting \$9,695 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	25.0%	28.7%	34.2%	34.0%	33.0%	32.3%
For Traffic, Transportation and General Expenses....	44.9%	48.8%	44.5%	39.7%	38.7%	37.7%
For Fixed Charges	20.4%	17.5%	16.1%	18.1%	20.5%	21.5%
For Surplus	9.7%	5.0%	5.2%	8.2%	7.8%	8.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	279,120	244,277	268,985	219,921
Passenger miles per mile of road	68,921	67,526	67,623	59,747
Miles, yards and sidings.....	81	78	76	68

See Notes, page 335.

NORFOLK & SOUTHERN RY.

Year	Avg. Miles Oper.	*Gross	Surplus	Year	Avg. Miles Oper.	*Gross	Surplus
1901-2	146	\$709,389	\$95,645	1905-6	223	\$992,220	\$33,712
1902-3	152	792,714	110,736	1906-7	442	1,924,265	20,941
1903-4	162	821,767	162,699	1907-8	†582	2,182,972	†485,935
1904-5	223	879,633	17,100				

*Does not include earnings of River Routes.

†Total mileage operated June 30, 1908.

‡Deficit.

Note: The Norfolk & Southern Ry. is in hands of Receivers. See Notes for 1908-9 earnings.

STOCK OUTSTANDING

June 30, 1908

Common.....	\$13,130,000
Preferred	4,800,000

BONDS OUTSTANDING

June 30, 1908

Fixed Interest.....	\$17,267,000
Notes	2,203,948

CAPITALIZATION

	Total	Per Mile
Stocks	\$17,930,000	\$30,808
Bonds	19,470,948	33,455
Total	37,393,948	64,263

INCOME ACCOUNT YEAR ENDING JUNE 30, 1908

Miles operated (June 30, 1908), 582.

	Total	Per Mile
Gross Earnings	\$2,182,972	\$3,751
Operating Expenses	1,706,839	2,933
Net Earnings	476,133	818
Other Income	70,546	121
Total Net Income	546,679	939
Fixed Charges (including for Taxes, \$67,801)....	1,032,615	1,774
Deficit	485,934	835

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$319,235	\$549
Maintenance of Equipment	352,504	606
Traffic Expenses	77,600	133
Transportation Expenses	824,755	1,417
General Expenses	132,745	228

Ratio of Operating Expenses to Gross Earnings, 78.2 per cent.

APPROPRIATION OF GROSS INCOME

	1907-8	1906-7	1905-6	1904-5	1903-4	1902-3
For Maintenance Expenses.....	29.8%	—	22.6%	24.2%	21.7%	29.3%
For Traffic, Transportation and General Expenses.....	45.9%	—	47.6%	51.7%	46.2%	45.3%
For Fixed Charges	45.8%	—	26.4%	22.2%	13.0%	11.4%
For Surplus	Deficit	—	3.4%	1.9%	19.1%	14.0%
			100.0%	100.0%	100.0%	100.0%

	1907-8	1905-6	1904-5	1903-4
Ton miles per mile of road.....	.....	143,632	130,868	160,972
Passenger miles per mile of road .....	.....	85,858	42,914	52,808
Miles, second and additional main track	5	4	4	.....
Miles, yards and sidings.....	100	46	42	39

See Notes, page 336.

NORFOLK & WESTERN RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1898-9	1,555	\$11,827,139	\$1,669,687	1904-5	1,799	\$24,089,260	\$5,833,454
1899-0	1,552	14,091,005	3,389,832	1905-6	1,853	28,487,766	7,452,375
1900-1	1,560	15,785,442	4,157,831	1906-7	1,876	31,164,381	7,000,320
1901-2	1,677	17,552,205	5,123,095	1907-8	1,881	28,962,217	5,773,909
1902-3	1,713	21,160,675	6,040,189	1908-9	1,925	29,327,102	6,665,433
1903-4	1,723	22,800,991	5,819,302				

STOCK OUTSTANDING

June 30, 1909

Common.....	\$64,469,200
Preferred (4%)	22,991,700

* Do not include \$6,386,000 5 per cent. Notes, funds to retire which were held in special deposit on June 30, 1909.

* BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$97,852,500
Equipment (net)	8,700,000

CAPITALIZATION

	Total	Per Mile
Stock	\$87,460,900	\$45,434
Bonds	106,552,500	55,352
Total	194,013,400	100,786

The Norfolk & Western Ry. paid in 1908-9 \$152,817 in rentals (included in Fixed Charges below).

Fixed Charges below do not include \$150,000 payment to the Pocohontas Coal & Coke Co. account of deficiency of interest on Norfolk & Western-Pocohontas Joint Bonds. This sum remains due from the Coal Company.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,925.		Total	Per Mile
Gross Earnings		\$29,327,102	\$15,235
Operating Expenses		17,729,756	9,210
Net Earnings		11,597,346	6,025
Other Income		981,112	510
Total Net Income		12,578,458	6,535
Fixed Charges (including for Taxes, \$1,008,800) ..		5,913,025	3,072
* Surplus		6,665,433	3,463

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$3,331,888	\$1,731
Maintenance of Equipment	4,919,435	2,555
Traffic Expenses	487,106	253
Transportation Expenses.....	8,346,992	4,336
General Expenses	644,335	335

Ratio of Operating Expenses to Gross Earnings, 60.5 per cent.

* This surplus before deducting \$1,500,580 appropriation for Betterments. Other Income above includes \$167,265 received from Hire of Equipment.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	27.2%	27.4%	29.2%	28.6%	28.8%	27.9%
For Traffic, Transportation and General Expenses.....	31.3%	35.1%	32.2%	30.3%	31.3%	31.8%
For Fixed Charges	19.5%	18.0%	15.2%	14.4%	15.9%	14.7%
For Surplus	22.0%	19.5%	22.4%	26.1%	24.0%	25.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	2,793,258	2,650,673	2,799,873	2,704,515
Passenger miles per mile of road	88,972	*111,260	93,861	83,573
Miles, second and additional main track	274	252	233	186
Miles, yards and sidings.....	931	906	851	791

* Large increase in passenger traffic due to Jamestown Exposition business.

See Notes, page 341.

RICHMOND, FREDERICKSBURG & POTOMAC R. R.

*Avg. Miles				*Avg. Miles			
Year	Oper.	Gross	†Surplus	Year	Oper.	Gross	†Surplus
1898-9	85	\$898,260	\$260,069	1904-5	85	\$1,598,189	\$441,255
1899-0	85	989,996	352,100	1905-6	83	1,764,856	521,310
1900-1	85	1,069,758	309,258	1906-7	83	1,981,806	525,166
1901-2	85	1,168,055	386,381	1907-8	83	2,003,114	404,356
1902-3	85	1,338,905	346,819	1908-9	83	2,026,324	588,475
1903-4	85	1,522,332	400,528				

*Approximate mileage.

†The surplus earnings here given for the years prior to 1903-4 are after dividends on guaranteed stock deducted.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$1,316,900
Dividend Obligations..	1,794,300
Guaranteed Stock.....	500,400

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$3,180,000
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CAPITALIZATION

	Total	Per Mile
Stock	\$3,611,600	\$43,513
Bonds	3,180,000	38,313
Total	6,791,600	\$1,826

The Richmond, Fredericksburg & Potomac R. R. paid in 1908-9 \$7,398 in net rentals (included in Fixed Charges below).

Fixed Charges below include \$12,246 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

	Total	Per Mile
Average miles operated, 83.		
Gross Earnings	\$2,026,324	\$24,413
Operating Expenses	1,297,687	15,634
Net Earnings	728,637	8,779
Total Net Income.....	728,637	8,779
Fixed Charges (including for Taxes, \$3,104).....	140,162	1,689
*Surplus	588,475	7,090

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$289,018	\$3,482
Maintenance of Equipment.....	254,713	3,069
Traffic Expenses	24,852	299
Transportation Expenses	673,288	8,112
General Expenses	55,816	672

Ratio of Operating Expenses to Gross Earnings, 64.0 per cent.

*This Surplus before deducting \$151,851 for Extraordinary Expenditures, also before deducting dividends on Guaranteed Stock.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	26.8%	32.2%	25.3%	20.2%	19.2%	18.0%
For Traffic, Transportation and General Expenses.....	37.2%	39.0%	42.8%	43.6%	46.3%	48.6%
For Fixed Charges.....	6.9%	8.6%	5.5%	6.7%	9.6%	7.8%
For Surplus	29.1%	20.2%	26.4%	29.5%	24.9%	25.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	1,437,149	1,342,582	1,513,714	1,334,303
Passenger miles per mile of road	384,200	376,352	348,134	301,898
Miles, second and additional main track	78	78	78	78
Miles, yards and sidings.....	52	53	51	44

See Notes, page 344.

OF RAILROADS

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SEABOARD AIR LINE RY.

Avg. Miles				Avg. Miles			
Year	Oper.	*Gross	Surplus	Year	Oper.	*Gross	Surplus
1903-4	2,611	\$12,750,271	\$382,825	1906-7	2,611	\$16,427,943	†\$304,190
1904-5	2,611	13,619,274	1,171,908	1907-8	2,611	15,675,449	†685,874
1905-6	2,611	15,116,948	1,191,578	1908-9	2,609	16,451,677	†488,187

* Do not include earnings of Baltimore Steam Packet Co.

† Deficit. ‡ See Note below.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$37,019,400
Preferred (4%)	23,894,100

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....	\$69,931,000
Equipment	5,553,000
Coll. Notes (1909)	700,000
Receiver's Certfs.	7,510,000

* Includes \$14,651,000 Collateral Trust 5 per cent. bonds, due 1911; also \$5,760,000 Atlanta-Birmingham First Mortgage 4 per cent. bonds. The interest on the latter bonds is not, however, included in the Seaboard Air Line Railway's Fixed Charges.

See Notes regarding the Seaboard Co. and regarding reorganization.

CAPITALIZATION

	Total	Per Mile
Stock	\$60,913,500	\$23,347
Bonds	83,994,000	32,194
Total	144,907,500	55,541

The Seaboard Air Line Ry. paid in 1908-9 \$119,583 in rentals (included in Fixed Charges below).

Fixed Charges below do not include interest on the Atlanta-Birmingham First Mortgage Thirty-Year Bonds nor any of the other fixed charges of the Atlanta & Birmingham Air Line Ry. or of the other companies mentioned next following. The Income Account below does not include the operations of the Atlanta & Birmingham Air Line Ry. (247 miles) which reported a deficit for 1908-9 of \$112,023; the operations of the Florida West Shore Ry. (70 miles) which reported a deficit of \$33,378; the operations of the Tallahassee, Perry & Southeastern Ry. (39 miles) which reported a deficit of \$16,483; and the Catawba Valley Ry. (22 miles) which reported a deficit of \$20,975.

Other Income does not include \$134,589 surplus earnings of the Baltimore Steam Packet Co. and \$7,559, the surplus earnings of the Plant City, Arcadia & Gulf Ry. (19 miles).

The net loss from operations of all subsidiary Companies for 1908-9 was \$345,716, making net surplus for the year for the System \$142,471.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 2,609.	Total	Per Mile
Gross Earnings	\$16,451,677	\$6,306
Operating Expenses	11,446,032	4,387
Net Earnings	5,005,645	1,919
Other Income	156,027	60
Total Net Income.....	5,161,672	1,979
Fixed Charges (including for Taxes, \$623,935)....	4,673,485	1,791
Surplus	488,187	188

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$2,358,142	\$904
Maintenance of Equipment	2,375,146	910
Traffic Expenses	584,804	224
Transportation Expenses	5,570,652	2,135
General Expenses	557,288	214

Ratio of Operating Expenses to Gross Earnings, 69.6 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	28.5%	29.5%	27.2%	24.9%	25.7%	26.7%
For Traffic, Transportation and General Expenses.....	40.4%	46.8%	50.8%	43.8%	40.4%	44.0%
For Fixed Charges	28.1%	28.1%	23.8%	23.8%	25.3%	26.3%
For Surplus	3.0%	Deficit	Deficit	7.5%	8.6%	3.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	385,675	358,595	391,999	368,273
Passenger miles per mile of road	62,071	64,469	61,391	52,021
Miles, yards and sidings.....	590	572	495	439

See Notes, page 346.

THE EARNING POWER

SOUTHERN RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	4,574	\$19,082,247	\$556,479	1902-3	7,129	\$42,354,060	\$3,707,477
1896-7	4,806	19,079,500	445,921	1903-4	7,164	45,109,777	4,189,399
1897-8	4,938	21,095,839	1,907,013	1904-5	7,199	48,145,198	5,151,632
1898-9	5,378	25,353,686	2,094,519	1905-6	7,374	53,641,439	5,229,066
1899-0	6,365	31,388,015	2,964,211	1906-7	7,547	56,657,994	2,290,321
1900-1	6,425	33,607,582	3,540,500	1907-8	7,489	52,941,716	491,850
1901-2	6,744	37,712,248	3,600,897	1908-9	*7,170	52,188,197	3,589,385

*Includes 470 miles trackage.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$120,000,000
Preferred (5%)	60,000,000

*Does not include \$484,300 bonds owned by Company. Includes, however, Southern Ry., Mobile & Ohio Stock Trust Certificates and outstanding securities of Leasehold Estates; also \$15,000,000 three year 5 per cent. Notes, due 1910. There are not included in above \$1,450,000 three-year 6 per cent. Notes, due 1911, funds for the retirement of which on November 1, 1909, were held in special deposit.

*BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$220,073,100
Equipment	14,475,163

CAPITALIZATION

	Total	Per Mile
Stock	\$180,000,000	\$25,105
Bonds	234,548,263	32,712
Total	414,548,263	57,817

The Southern Ry. paid in 1908-9 \$769,095 in rents for joint tracks, yards and terminals. Fixed Charges below include also \$226,808 dividends accrued on Southern Ry., Mobile & Ohio Ry. Stock Trust Certificates and \$535,214 for proportion of discount on bonds sold.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 7,170.	Total	Per Mile
Gross Earnings	\$52,188,107	\$7,279
Operating Expenses	35,568,981	4,961
Net Earnings	16,619,126	2,318
Other Income	3,035,275	423
Total Net Income	19,654,401	2,741
Fixed Charges (including for Taxes, \$1,916,792)...	16,065,016	2,240
*Surplus	3,589,385	501

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$6,016,661	\$839
Maintenance of Equipment	8,193,753	1,143
Traffic Expenses	1,252,329	175
Transportation Expenses	18,348,507	2,559
General Expenses	1,757,731	245

Ratio of Operating Expenses to Gross Earnings, 68.2 per cent.

* This surplus before deducting \$8,285 for Extraordinary expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	25.7%	29.4%	29.5%	28.4%	27.9%	27.9%
For Traffic, Transportation and General Expenses.....	38.7%	42.6%	44.2%	40.8%	39.7%	40.3%
For Fixed Charges	29.1%	27.3%	22.4%	21.2%	22.0%	22.8%
For Surplus	6.5%	0.7%	3.9%	9.6%	10.4%	9.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	503,887	466,012	505,687	527,029
Passenger miles per mile of road	86,829	83,095	79,390	74,521
Miles, second, etc., main track....	272	243	207	136
Miles, yards and sidings.....	2,132	2,176	1,982	1,862

See Notes, page 351.

VIRGINIA & SOUTHWESTERN RY.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1907-8	170	\$1,062,500	1908-9	*188	\$1,136,286
*Includes 37 miles of trackage.					
		Surplus			Surplus
		\$137,458			\$133,962

STOCK OUTSTANDING

BONDS OUTSTANDING

June 30, 1909		June 30, 1909	
Common.....	\$2,000,000	*Fixed Interest	\$6,570,000
		Equipment	163,750

*Does not include \$430,000 1st Consolidated Mortgage 5 per cent. Bonds in Treasury.

CAPITALIZATION.

	Total	Per Mile
Stock	\$2,000,000	\$10,638
Bonds	6,733,750	35,818
Total	8,733,750	46,456

The Virginia & Southwestern Ry. paid in 1908-9 \$19,715 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 188.

	Total	Per Mile
Gross Earnings	\$1,136,286	\$6,044
Operating Expenses	773,654	4,115
Net Earnings	362,632	1,929
Other Income	82,914	441
Total Net Income	445,546	2,370
Fixed Charges (including for Taxes, \$49,243).....	311,584	1,657
*Surplus	133,962	713

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$144,354	\$768
Maintenance of Equipment	227,697	1,211
Traffic Expenses	12,123	64
Transportation Expenses	344,825	1,834
General Expenses	44,655	238

Ratio of Operating Expenses to Gross Earnings, 68.1 per cent.

*This Surplus before deducting \$15,545 for Additions and Betterments and \$20,000 "Provided for Replacement of Trestles."

Other Income above includes \$72,566, balance from Hire of Equipment.

APPROPRIATION OF GROSS INCOME

	1908-9
For Maintenance Expenses	30.5%
For Traffic, Transportation and General Expenses	32.9%
For Fixed Charges	25.6%
For Surplus	11.0%
	100.0%

	1908-9	1907-8
Ton miles per mile of road	578,304	507,591
Passenger miles per mile of road.....	24,573	31,297
Miles, yards and sidings	84	80

See Notes, page 354.

WESTERN MARYLAND R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1905-6	507	\$4,802,094	\$251,509	1907-8	543	\$5,648,277	*\$359,990
1906-7	543	5,600,455	10,964	1908-9	543	5,952,696	123,163

*Deficit.

*STOCK OUTSTANDING

June 30, 1909	
Common.....	\$15,685,400

BONDS OUTSTANDING

June 30, 1909	
†Fixed Interest.....	\$58,718,875
Receiver's Certs.	4,110,000

*Under plan of reorganization there will be \$23,959,560 common stock and \$10,000,000 4% preferred stock.

†Includes \$10,000,000 General Lien & Convertible 4% bonds which under plan of reorganization will be exchanged for preferred stock at par (see Notes).

*CAPITALIZATION

	Total	Per Mile
Stock	\$15,685,400	\$28,887
Bonds	62,828,875	115,707
Total	78,514,275	144,594

*Note: Total capitalization of new company will be as follows:—preferred stock, \$10,000,000; common stock, \$23,959,560; bonds, \$50,951,950; total, \$84,911,510. Per mile: stock, \$62,541; bonds, \$93,834; total, \$156,375.

Fixed Charges below do not include any interest on \$10,000,000 General Lien & Convertible 4% bonds. These bonds were in default and in accordance with the plan of reorganization are to be exchanged for preferred stock (see Notes).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

	Total	Per Mile
Average miles operated, 543.		
Gross Earnings	\$5,952,696	\$10,963
Operating Expenses	3,705,728	6,825
Net Earnings	2,246,968	4,138
Other Income	549,927	1,013
Total Net Income.....	2,796,895	5,151
Fixed Charges (including for Taxes, \$198,000)....	2,673,732	4,924
*Surplus	123,163	227

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$689,865	\$1,271
Maintenance of Equipment	856,945	1,578
Traffic Expenses	86,278	159
Transportation Expenses	1,925,332	3,546
General Expenses	147,308	271

Ratio of Operating Expenses to Gross Earnings. 62.3 per cent.

*This Surplus before deducting \$98,172 for betterments, etc.

Other Income above includes \$430,011, net profit of coal and other departments.

APPROPRIATION OF GROSS INCOME

	1908-9
For Maintenance Expenses.....	23.8%
For Traffic, Transportation and General Expenses.....	33.2%
For Fixed Charges.....	41.1%
For Surplus	1.9%

	1908-9	1907-8	1906-7	100.0%
Ton miles per mile of road....	.....	1,285,282	1,194,215	977,114
Passenger miles per mile of road	.....	78,281	86,952	90,229
Miles, second and additional				
main track	34	39	34	29
Miles, yards and sidings.....	212	217	212	193

See Notes, page 354.

WRIGHTSVILLE & TENNILLE R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	36	\$92,233	\$29,953	1902-3	77	\$169,414	\$61,651
1906-7	36	87,166	30,468	1903-4	77	167,587	41,489
1897-8	36	90,494	26,928	1904-5	77	186,225	67,400
1898-9	48	114,260	35,307	1905-6	77	199,521	64,727
1899-0	76	169,492	48,729	1906-7	*105	274,720	48,125
1900-1	77	159,857	56,294	1907-8	*105	270,977	45,722
1901-2	77	143,495	41,709	1908-9	*105	260,881	47,993

*Includes Dublin & Southwestern R. R. (28 miles). This railroad was merged in the Wrightsville & Tennille R. R. after the close of the year 1906-7.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$530,000
Preferred	70,000

*Balance of Notes issued account of Dublin & Southwestern R. R. purchase.

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$100,000
*Notes Payable	43,002

CAPITALIZATION

	Total	Per Mile
Stock	\$600,000	\$5,714
Bonds	143,002	1,362
Total	743,002	7,076

Fixed Charges below include \$3,981 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 105.		
	Total	Per Mile
Gross Earnings	\$260,881	\$2,485
Operating Expenses	191,070	1,829
Net Earnings	69,811	665
Other Income	1,321	12
Total Net Income	71,132	677
Fixed Charges (including for Taxes, \$12,007)....	23,139	220
*Surplus	47,993	457

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$44,365	\$423
Maintenance of Equipment	33,884	323
Traffic Expenses	6,229	59
Transportation Expenses	89,336	851
General Expenses	17,256	164

Ratio of Operating Expenses to Gross Earnings, 73.2 per cent.

*This Surplus before deducting \$2,653 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	29.9%	32.3%	32.6%	26.6%	25.6%	28.6%
For Traffic, Transportation and General Expenses....	43.0%	42.9%	44.4%	38.2%	25.9%	43.0%
For Fixed Charges	8.8%	8.0%	5.8%	4.0%	3.6%	4.7%
For Surplus	18.3%	16.8%	17.2%	31.2%	34.9%	23.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	46,102	48,387	51,151	47,780
Passenger miles per mile of road	33,387	34,142	32,707	33,798
Miles, yards and sidings	13	12	7	6

See Notes, page 360.

ALABAMA & VICKSBURG RY.

Year	Avg. Miles Oper.	Gross	Surplus	Year	Avg. Miles Oper.	Gross	Surplus
1901-2	143	\$1,019,844	\$146,258	1905-6	143	\$1,380,247	\$201,942
1902-3	143	1,150,547	161,313	1906-7	143	1,554,961	258,920
1903-4	143	1,287,093	194,319	1907-8	143	1,510,761	230,601
1904-5	143	1,358,043	190,037	1908-9	143	1,526,357	239,096

STOCK OUTSTANDING

June 30, 1909

Common.....\$1,050,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....\$2,036,200

CAPITALIZATION

	Total	Per Mile
Stock	\$1,050,000	\$7.342
Bonds	2,036,200	14.239
Total	3,086,200	21.582

The Alabama & Vicksburg Ry. paid in 1908-9 \$8,522 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 143.

	Total	Per Mile
Gross Earnings	\$1,526,357	\$10.674
Operating Expenses	1,189,622	8.319
Net Earnings	336,735	2.355
Other Income	72,763	.509
Total Net Income	409,498	2.864
Fixed Charges (including for Taxes, \$50,070)....	170,402	1.192
*Surplus	239,096	1.672

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$250,647	\$1.753
Maintenance of Equipment	322,682	2.256
Traffic Expenses	40,549	.284
Transportation Expenses	515,036	3.602
General Expenses	60,708	.424

Ratio of Operating Expenses to Gross Earnings, 77.9 per cent.

*This Surplus before deducting \$49,430 for Extraordinary Expenditures.

Other Income above includes \$19,698 balance from Hire of Equipment.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	35.8%	33.6%	35.9%	39.2%	39.6%	35.0%
For Traffic, Transportation and General Expenses.....	38.5%	41.5%	38.1%	35.4%	35.9%	38.6%
For Fixed Charges	10.7%	10.3%	9.9%	10.5%	10.8%	11.4%
For Surplus	15.0%	14.6%	16.1%	14.9%	13.7%	15.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	650,796	596,308	628,953	572,681
Passenger miles per mile of road	118,872	126,265	115,561	99,592
Miles, yards and sidings.....	44	43	41	42

See Notes, page 361.

OF RAILROADS

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ALABAMA GREAT SOUTHERN R. R.

Year	Avg. Miles Oper.	Gross	Surplus	Year	Avg. Miles Oper.	Gross	Surplus
1895-6	310	\$1,634,093	\$224,338	1902-3	310	\$2,749,818	\$381,130
1896-7	310	1,605,546	209,919	1903-4	310	3,099,445	320,612
1897-8	310	1,741,934	265,940	1904-5	310	3,308,300	324,984
1898-9	310	1,816,523	275,174	1905-6	310	3,774,620	398,464
1899-0	310	2,092,444	340,150	1906-7	310	4,168,478	413,677
1900-1	310	2,198,739	346,169	1907-8	310	3,551,501	413,037
1901-2	310	2,487,454	405,833	1908-9	310	3,560,292	550,254

STOCK OUTSTANDING

June 30, 1909

Common.....	\$7,830,000
Preferred (6%).....	3,380,350

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$5,686,600
Equipment	1,710,000
*Other	159,786

*Represents Certificates of Funded Arrears of Dividend on Preferred Stock.

See Notes as to guaranteed bonds.

CAPITALIZATION

	Total	Per Mile
Stock	\$11,210,350	\$36,162
Bonds	7,556,386	24,376
Total	18,766,736	60,538

The Alabama Great Southern R. R. paid in 1908-9 \$144,851 in rentals (included in Fixed Charges below). Fixed Charges include also \$5,949 for Net Deficit—Outside Operations.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 310.

	Total	Per Mile
Gross Earnings	\$3,560,292	\$11,485
Operating Expenses	2,484,906	8,016
Net Earnings	1,075,386	3,469
Other Income	147,462	476
Total Net Income	1,222,848	3,945
Fixed Charges (including for Taxes, \$137,238)....	672,594	2,170
Surplus	550,254	1,775

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$450,318	\$1,452
Maintenance of Equipment	683,765	2,206
Traffic Expenses	92,507	299
Transportation Expenses	1,157,636	3,734
General Expenses	100,680	325

Ratio of Operating Expenses to Gross Earnings, 69.8 per cent.

Other Income above includes \$84,981 net balance received from Hire of Equipment.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	30.6%	33.6%	38.4%	38.8%	36.3%	35.7%
For Traffic, Transportation and General Expenses.....	36.4%	39.6%	39.5%	38.7%	41.6%	41.0%
For Fixed Charges	18.2%	16.0%	12.3%	12.2%	12.4%	13.0%
For Surplus	14.8%	10.8%	9.8%	10.3%	9.7%	10.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	1,068,250	1,023,578	1,166,935	1,179,828
Passenger miles per mile of road	135,020	137,230	136,999	122,998
Miles, yards and sidings.....	175	174	171	179

See Notes, page 362.

CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896-7	336	\$3,440,506	\$5,682	1903-4	336	\$6,768,744	\$454,549
1897-8	336	4,128,118	274,278	1904-5	336	7,358,618	528,410
1898-9	336	4,691,232	483,224	1905-6	336	8,454,896	828,590
1899-0	336	5,124,241	322,725	1906-7	336	8,763,775	449,645
1900-1	336	5,045,596	179,132	1907-8	335	7,861,378	607,510
1901-2	336	5,660,404	209,134	1908-9	335	7,826,982	1,194,999
1902-3	336	6,155,455	463,185				

STOCK OUTSTANDING

June 30, 1909

Common.....	\$3,000,000
*Preferred (5%)	2,453,400
*Cumulative.	

BONDS OUTSTANDING

June 30, 1909

Equipment.....	\$1,941,640
Notes	852,000

CAPITALIZATION

	Total	Per Mile
Stock	\$5,453,400	\$16,279
Bonds	2,793,640	8,339
Total	8,247,040	24,618

The Cincinnati, New Orleans & Texas Pacific Ry. paid the City of Cincinnati in 1908-9 \$1,232,650 as rental of the Cincinnati Southern Ry. This sum as well as \$68,180 Miscellaneous Rentals and \$12,272 Net Deficit from Outside Operations is included in Fixed Charges.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 335.	Total	Per Mile
Gross Earnings	\$7,826,982	\$23,364
Operating Expenses	5,069,651	15,133
Net Earnings	2,757,331	8,231
Other Income	144,605	431
Total Net Income	2,901,936	8,662
Fixed Charges (including for Taxes, \$237,760)....	1,706,937	5,095
*Surplus	1,194,999	3,567

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$797,598	\$2,381
Maintenance of Equipment	1,500,705	4,480
Traffic Expenses	205,254	613
Transportation Expenses	2,355,231	7,030
General Expenses	210,863	629

Ratio of Operating Expenses to Gross Earnings, 64.8 per cent.

*This Surplus before deducting \$678,475 for Extraordinary Expenditures. The sums thus expended in former years were as follows: 1907-8, \$340,000; 1906-7, \$115,000; 1905-6, \$140,526; 1904-5, \$145,990 and are classed, "Permanent Improvements, Additions and Betterments reverting to Lessor."

Other Income includes \$104,456 received from Hire of Equipment.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	28.8%	31.2%	34.4%	36.3%	36.7%	36.3%
For Traffic, Transportation and General Expenses.....	34.8%	41.2%	42.2%	36.4%	36.7%	36.5%
For Fixed Charges	21.4%	20.2%	18.3%	17.5%	19.5%	20.5%
For Surplus	15.0%	7.4%	5.1%	9.8%	7.1%	6.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ton miles per mile of road....	2,333,717	2,314,225	2,550,365	2,650,162		
Passenger miles per mile of road	196,465	199,719	209,956	200,361		
Miles, second, main track.....	67	67	41	...		
Miles, yards and sidings.....	230	223	207	233		

See Notes, page 363.

GULF AND SHIP ISLAND R. R.

Year	Avg. Miles		Gross	Surplus	Year	Avg. Miles		Gross	Surplus
	Oper.					Oper.			
1900-1	248		\$1,030,849	\$4,547	1905-6	284		\$2,138,778	\$401,275
1901-2	251		1,374,684	258,859	1906-7	307		2,485,949	317,472
1902-3	251		1,705,047	433,717	1907-8	307		2,066,328	*7,768
1903-4	261		1,829,815	333,313	1908-9	307		1,873,196	4,658
1904-5	275		1,877,397	179,450					

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common.....\$6,500,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....\$5,750,000

Equipment 255,424

Securities to the extent of \$1,240,000 are yet to be issued in payment of the unpaid portion of the cost of construction of the Columbia Division completed in 1906. The total cost of this division (105 miles) was \$2,240,000.

CAPITALIZATION.

	Total	Per Mile
Stock	\$6,500,000	\$21,172
Bonds	6,005,424	19,562
Total	12,505,424	40,734

Fixed Charges below include \$49,840 paid account of Sinking Fund and \$24,400 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 307.

	Total	Per Mile
Gross Earnings	\$1,873,196	\$6,102
Operating Expenses	1,407,218	4,584
Net Earnings	465,978	1,518
Other Income	7,702	25
Total Net Income	473,680	1,543
Fixed Charges (including for Taxes, \$61,217)....	469,022	1,528
Surplus	4,658	15

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$395,266	\$1,287
Maintenance of Equipment	278,440	907
Traffic Expenses	15,899	52
Transportation Expenses	630,819	2,055
General Expenses	86,794	283

Ratio of Operating Expenses to Gross Earnings, 75.1 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	35.8%	41.4%	33.8%	27.5%	31.4%	27.3%
For Traffic, Transportation and General Expenses.....	39.0%	39.1%	39.7%	37.9%	40.9%	37.9%
For Fixed Charges	25.0%	19.8%	13.9%	15.9%	18.2%	16.7%
For Surplus	0.2%	Deficit	12.6%	18.7%	9.5%	18.1%
	100.0%		100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	267,011	297,740	351,197	353,852
Passenger miles per mile of road	37,627	47,033	59,764	42,950
Miles, yards and sidings.....	98	100	97	81

See Notes, page 365.

LOUISIANA & ARKANSAS RY.

Year	Avg. Miles Oper.	Gross	Surplus	Year	Avg. Miles Oper.	Gross	Surplus
1902-3	127	\$532,534	\$108,643	1906-7	226	\$1,216,837	\$225,481
1903-4	148	704,671	115,457	1907-8	226	1,144,522	184,549
1904-5	167	844,535	201,522	1908-9	226	1,186,401	204,640
1905-6	187	1,057,526	238,759				

STOCK OUTSTANDING

June 30, 1909
Common..... \$4,500,000

BONDS OUTSTANDING

June 30, 1909
Fixed Interest..... \$4,248,000

CAPITALIZATION

	Total	Per Mile
Stock	\$4,500,000	\$19,911
Bonds	4,248,000	18,797
Total	8,748,000	38,708

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 226.

	Total	Per Mile
Gross Earnings	\$1,186,401	\$5,250
Operating Expenses	805,888	3,566
Net Earnings	380,513	1,684
Other Income	49,309	218
Total Net Income.....	429,822	1,902
Fixed Charges (including for Taxes, \$19,884).....	225,182	996
*Surplus	204,640	906

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$207,293	\$917
Maintenance of Equipment.....	215,912	955
Traffic Expenses	19,421	86
Transportation Expenses	311,416	1,378
General Expenses	51,845	230

Ratio of Operating Expenses to Gross Earnings, 67.9 per cent.

*This Surplus before deducting \$55,000 account of Sinking Fund.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	34.2%	33.2%	29.1%	29.1%	28.1%	32.8%
For Traffic, Transportation and General Expenses.....	31.0%	33.4%	37.9%	33.6%	30.5%	32.8%
For Fixed Charges.....	18.2%	17.9%	11.9%	15.1%	18.0%	18.6%
For Surplus	16.6%	15.5%	18.1%	22.2%	23.4%	15.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road.....	417,914	388,394	426,325	448,149
Passenger miles per mile of road	25,055	26,375	24,603	17,305
Miles, yards and sidings.....			50	29

See Notes, page 366.

LOUISVILLE & NASHVILLE R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	2,988	\$21,996,653	\$1,632,902	1903-4	3,618	\$36,943,793	\$6,688,171
1898-9	2,988	*23,759,485	2,626,900	1904-5	3,826	38,517,071	6,827,040
1899-0	3,007	*27,742,379	3,519,234	1905-6	4,131	43,008,996	6,348,375
1900-1	3,169	*29,215,725	4,281,112	1906-7	4,306	48,263,945	6,459,522
1901-2	3,327	30,712,257	4,725,308	1907-8	4,348	44,620,281	4,514,925
1902-3	3,429	35,449,378	6,211,048	1908-9	4,393	45,425,891	8,587,935

* Includes earnings on Company's freight.

STOCK OUTSTANDING

June 30, 1909

Common.....\$60,000,000

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....\$129,778,500

*Does not include \$16,865,000 bonds in Treasury, \$7,079,000 bonds held in Trusts and \$1,512,000 held in Sinking Funds.

On June 30, 1909, there were outstanding \$4,710,000 5 per cent. Notes, due Mar. 1, 1910, but these are not included above, as funds for their retirement were held in special deposit.

CAPITALIZATION

	Total	Per Mile
Stock	\$60,000,000	\$13,658
Bonds	129,778,500	29,542
Total	189,778,500	43,200

Fixed Charges below include \$75,555 Deficit from Outside Operations, \$264,302 paid account of Sinking Funds and \$421,316 in Rentals, the latter item including \$118,061 guaranteed dividend on Nashville & Decatur R. R. stock and \$266,723 net rental for tracks, yards, etc. Fixed Charges also include \$411,403, the year's surplus of South & North Alabama R. R. Co., included in System's earnings.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 4,393.	Total	Per Mile
Gross Earnings	\$45,425,891	\$10,340
Operating Expenses	29,627,499	6,744
Net Earnings	15,798,392	3,596
Other Income	1,395,124	318
Total Net Income.....	17,193,516	3,914
Fixed Charges (including for Taxes, \$1,437,992) ..	8,605,581	1,959
*Surplus	8,587,935	1,955

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$5,257,038	\$1,197
Maintenance of Equipment.....	7,832,021	1,783
Traffic Expenses	999,655	227
Transportation Expenses	14,587,773	3,321
General Expenses	951,012	216

Ratio of Operating Expenses to Gross Earnings, 65.2 per cent.

* This Surplus before deducting \$366,517 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	28.0%	33.3%	33.7%	32.1%	30.0%	29.3%
For Traffic, Transportation and General Expenses.....	35.3%	39.7%	38.2%	37.3%	36.0%	35.9%
For Fixed Charges.....	18.4%	17.2%	15.2%	16.4%	17.0%	17.5%
For Surplus	18.3%	9.8%	12.9%	14.2%	17.0%	17.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	968,785	924,686	1,020,735	950,304
Passenger miles per mile of road	98,719	102,385	100,509	87,810
Miles, second and additional main track		82	73	74
Miles, yards and sidings.....		1,022	972	1,014

See Notes, page 367.

LOUISVILLE, HENDERSON & ST. LOUIS RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896-7	186	\$444,830	.....	1903-4	186	\$895,970	\$126,808
1897-8	186	525,458	\$6,468	1904-5	186	928,687	106,229
1898-9	186	532,220	35,885	1905-6	200	951,859	99,926
1899-0	186	630,355	46,005	1906-7	200	1,061,378	103,252
1900-1	186	668,484	76,354	1907-8	200	992,652	*37,384
1901-2	186	696,064	54,294	1908-9	†200	1,023,737	37,810
1902-3	186	808,548	104,194				

*Deficit.

†Includes 18 miles trackage.

STOCK OUTSTANDING

June 30, 1909

Common..... \$2,000,000

Preferred (5%)..... 2,000,000

Bills Payable June 30, 1909, amounted to \$64,000.

BONDS OUTSTANDING

June 30, 1909

Fixed Interest..... \$2,500,000

CAPITALIZATION

	Total	Per Mile
Stock	\$4,000,000	\$20,000
Bonds	2,500,000	12,500
Total	6,500,000	32,500

The Louisville, Henderson & St. Louis Ry. paid in 1908-9 \$29,689 for use of joint facilities and \$11,552 in rentals (included in Fixed Charges below). Fixed Charges include also \$29,756 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 200.

	Total	Per Mile
Gross Earnings	\$1,023,737	\$5,119
Operating Expenses	756,350	3,782
Net Earnings	267,387	1,337
Other Income	3,981	20
Total Net Income.....	271,368	1,357
Fixed Charges (including for Taxes, \$32,650).....	233,558	1,168
*Surplus	37,810	189

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$241,681	\$1,209
Maintenance of Equipment.....	95,622	478
Traffic Expenses	42,192	210
Transportation Expenses	342,269	1,712
General Expenses	34,586	173

Ratio of Operating Expenses to Gross Earnings, 73.9 per cent.

*This Surplus before deducting \$27,112 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	32.8%	33.8%	25.7%	24.6%	22.6%	22.2%
For Traffic, Transportation and General Expenses.....	40.8%	45.7%	49.8%	49.1%	51.3%	49.1%
For Fixed Charges.....	22.7%	24.3%	14.7%	15.7%	14.7%	14.5%
For Surplus	3.7%	Deficit	9.8%	10.6%	11.4%	14.2%
	100.0%		100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	311,477	301,242	346,215	292,413
Passenger miles per mile of road	88,579	91,033	90,749	83,306
Miles, yards and sidings.....	27	27	26	26

See Notes, page 370.

MOBILE & OHIO R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	688	\$3,619,071	\$234,236	1902-3	874	\$7,486,980	\$747,277
1896-7	688	3,867,857	223,769	1903-4	912	7,739,706	785,238
1897-8	688	4,207,318	225,863	1904-5	926	8,267,602	980,327
1898-9	688	4,531,153	307,103	1905-6	926	9,445,927	1,209,818
1899-0	876	5,996,731	337,630	1906-7	926	10,759,919	1,333,893
1900-1	874	6,139,912	366,702	1907-8	926	9,649,212	465,920
1901-2	874	6,509,489	541,561	1908-9	*1,114	9,727,726	437,437

*Includes 189 miles of trackage.

STOCK OUTSTANDING

June 30, 1909

Common..... \$6,070,600

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....\$24,172,000

Equipment 3,688,252

Notes (1911) 600,000

CAPITALIZATION

	Total	Per Mile
Stock	\$6,070,600	\$5,449
Bonds	28,460,252	25,548
Total	34,530,852	30,997

The Mobile & Ohio R. R. paid in 1908-9 \$880,743 in rentals (included in Fixed Charges below).

Fixed Charges below include \$221,205 Debit Balance Hire of Equipment, also \$30,633 Net Deficit from Outside Operations.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,114.	Total	Per Mile
Gross Earnings	\$9,727,726	\$8,732
Operating Expenses	6,589,648	5,915
Net Earnings	3,138,078	2,817
Other Income	202,608	182
Total Net Income.....	3,340,686	2,999
Fixed Charges (including for Taxes, \$241,469)....	2,903,249	2,606
*Surplus	437,437	393

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$1,103,469	\$991
Maintenance of Equipment.....	1,431,721	1,285
Traffic Expenses	334,149	300
Transportation Expenses	3,361,193	3,017
General Expenses	359,116	322

Ratio of Operating Expenses to Gross Earnings, 67.7 per cent.

*This Surplus before deducting \$19,446 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	25.5%	26.7%	26.4%	25.7%	24.9%	25.7%
For Traffic, Transportation and General Expenses.....	40.8%	42.7%	42.0%	40.8%	40.3%	40.7%
For Fixed Charges.....	29.3%	25.9%	19.4%	20.8%	23.0%	23.8%
For Surplus	4.4%	4.7%	12.2%	12.7%	11.8%	9.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	1,030,349	1,215,983	1,407,118	1,204,001
Passenger miles per mile of road	46,580	54,802	56,885	49,554
Miles, yards and sidings.....	.....	308	304	296

See Notes, page 370.

MOBILE, JACKSON & KANSAS CITY R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Deficit	Year	Oper.	Gross	Deficit
1904-5	265	\$677,528	\$20,143	1907-8	402	\$1,440,397	\$313,822
1905-6	402	1,083,692	119,843	1908-9	403	1,525,833	52,334
1906-7	402	1,553,851	408,325				

STOCK OUTSTANDING

BONDS OUTSTANDING

June 30, 1909		June 30, 1909	
Common.....	\$8,073,800	Fixed Interest.....	\$7,981,000
		Equipment	191,491

The balance sheet of June 30, 1909, showed a large floating debt; on that date Bills Payable amounted to \$1,841,940. See Notes regarding reorganization of this Company as the New Orleans, Mobile & Chicago R. R.

CAPITALIZATION

	Total	Per Mile
Stock	\$8,073,800	\$20,054
Bonds	8,172,491	20,279
Total	16,246,291	40,313

The Mobile, Jackson & Kansas City R. R. paid in 1908-9 \$4,917 in rentals (included in Fixed Charges below). Fixed Charges include also \$19,644 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 403.

	Total	Per Mile
Gross Earnings	\$1,525,833	\$3,786
Operating Expenses	1,023,729	2,540
Net Earnings	502,104	1,246
Total Net Income.....	502,104	1,246
Fixed Charges (including for Taxes, \$49,582)....	554,428	1,376
Deficit	52,334	130

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$244,907	\$608
Maintenance of Equipment	171,867	426
Traffic Expenses	21,202	53
Transportation Expenses	477,983	1,186
General Expenses	107,772	267

Ratio of Operating Expenses to Gross Earnings, 67.1 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8
For Maintenance Expenses.....	27.2%	35.5%
For Traffic, Transportation and General Expenses.....	30.8%	46.6%
For Fixed Charges.....	36.2%	37.3%
For Surplus	Deficit	Deficit

	1908-9	1907-8
Ton miles per mile of road.....	139,402	122,439
Passenger miles per mile of road.....	26,492	29,128
Miles, yards and sidings.....	...	54

See Notes, page 372.

NASHVILLE, CHATTANOOGA & ST. LOUIS RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	903	\$5,074,625	\$452,795	1902-3	1,195	\$9,606,370	\$797,480
1896-7	905	5,116,118	403,015	1903-4	1,201	10,206,022	768,126
1897-8	905	5,646,549	460,525	1904-5	1,226	10,113,956	742,735
1898-9	935	6,081,765	354,535	1905-6	1,226	11,120,982	*2,243,413
1899-0	935	6,487,318	525,908	1906-7	1,230	12,238,472	2,233,538
1900-1	1,195	7,620,128	619,379	1907-8	1,230	10,738,253	994,827
1901-2	1,195	7,992,531	524,711	1908-9	1,230	11,122,114	1,186,142

*See under Income Account below for explanation of large increase in surplus.

STOCK OUTSTANDING

June 30, 1909	
Common.....	\$10,000,000

BONDS OUTSTANDING

June 30, 1909	
Fixed Interest.....	\$15,965,000

CAPITALIZATION

	Total	Per Mile
Stock	\$10,000,000	\$8,130
Bonds	15,965,000	12,980
Total	25,965,000	21,110

The Nashville, Chattanooga & St. Louis Ry. paid in 1908-9 \$626,518 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,230.		Total	Per Mile
Gross Earnings		\$11,122,114	\$9,042
Operating Expenses		8,350,701	6,789
Net Earnings		2,771,413	2,253
Other Income		278,249	226
Total Net Income.....		3,049,662	2,479
Fixed Charges (including for Taxes, \$245,942)....		1,863,520	1,515
*Surplus		1,186,142	964

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$1,761,050	\$1,432
Maintenance of Equipment.....	1,939,777	1,577
Traffic Expenses	415,207	338
Transportation Expenses	3,950,231	3,211
General Expenses	284,436	231

Ratio of Operating Expenses to Gross Earnings, 75.1 per cent.

*This Surplus before deducting \$33,115 for Extraordinary Expenditures.

For years to 1907-8 there were included in expenses, under separate heading, large sums for "additions to property and equipment." The surplus earnings given above for 1905-6 and following years are those shown after eliminating such charges. Prior to 1905-6 similar items were not eliminated from the Income Accounts; consequently the surplus earnings given are much smaller.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	32.5%	31.3%	28.0%	26.3%	35.8%	36.1%
For Traffic, Transportation and General Expenses.....	40.8%	42.8%	38.9%	37.0%	38.7%	38.0%
For Fixed Charges.....	16.3%	16.9%	14.9%	16.4%	18.1%	18.3%
For Surplus	10.4%	9.0%	18.2%	20.3%	7.4%	7.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road.....	668,403	693,665	821,933	736,837
Passenger miles per mile of road	\$4,143	79,004	74,569	69,164
Miles, yards and sidings.....	449	434	421	380

See Notes, page 373.

NEW ORLEANS & NORTH EASTERN R. R.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1901-2	196	\$2,030,262	1905-6	196	\$3,001,977
1902-3	196	2,285,036	1906-7	196	3,252,148
1903-4	196	2,416,968	1907-8	196	2,865,315
1904-5	196	2,563,776	1908-9	*196	3,035,088

Surplus
\$470,661
505,849
393,407
520,253

*Does not include 8 miles trackage.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$6,000,000
Income Bonds (4½%).	1,500,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$7,182,000
Equipment	231,236

CAPITALIZATION

	Total	Per Mile
Stock and Income Bonds.....	\$7,500,000	\$38,265
Bonds	7,413,236	37,822
Total	14,913,236	76,087

The New Orleans & North Eastern R. R. paid in 1908-9 \$61,790 in rentals (included in Fixed Charges below). Fixed Charges include also \$3,964 balance for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 196.

	Total	Per Mile
Gross Earnings	\$3,035,088	\$15,485
Operating Expenses	2,097,924	10,704
Net Earnings	937,164	4,781
Other Income	86,651	442
Total Net Income.....	1,023,815	5,223
Fixed Charges (including for Taxes, \$94,000).....	503,562	2,569
*Surplus	520,253	2,654

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$307,647	\$1,570
Maintenance of Equipment.....	538,396	2,747
Traffic Expenses	91,447	466
Transportation Expenses	1,038,382	5,298
General Expenses	122,052	623

Ratio of Operating Expenses to Gross Earnings, 69.1 per cent.

*This Surplus before deducting \$122,687 for Extraordinary Expenditures.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	27.1%	30.7%	34.0%	34.0%	34.4%	34.8%
For Traffic, Transportation and General Expenses.....	40.1%	40.2%	38.2%	37.5%	37.2%	36.4%
For Fixed Charges.....	16.1%	16.0%	12.4%	12.9%	14.9%	15.5%
For Surplus	16.7%	13.1%	15.4%	15.6%	13.5%	13.3%

100.0% 100.0% 100.0% 100.0% 100.0% 100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road.....	1,478,199	1,259,199	1,223,712	1,169,922
Passenger miles per mile of road	119,244	121,517	140,797	134,056
Miles, second and additional main track	16	.....	.....	.....
Miles, yards and sidings.....	91	91	90	87

See Notes, page 375.

VICKSBURG, SHREVEPORT & PACIFIC RY.

Year	Avg. Miles		Gross	Surplus	Year	Avg. Miles		Gross	Surplus
	Oper.					Oper.			
1901-2	171		\$1,080,253	\$166,099	1905-6	171		\$1,302,225	\$107,417
1902-3	171		1,268,523	224,642	1906-7	171		1,568,505	153,673
1903-4	171		1,426,751	229,485	1907-8	171		1,427,694	14,851
1904-5	171		1,424,406	188,619	1908-9	171		1,367,111	145,309

STOCK OUTSTANDING

June 30, 1909		
Common.....		\$2,856,500
Preferred (5%)		2,142,800

BONDS OUTSTANDING

June 30, 1909		
Fixed Interest.....		\$3,245,000
Equipment		80,764

CAPITALIZATION

	Total	Per Mile
Stock	\$4,999,300	\$29,235
Bonds	3,325,764	19,449
Total	8,325,064	48,684

The Vicksburg, Shreveport & Pacific Ry. paid in 1908-9 \$2,000 in rentals (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 171.	Total	Per Mile
Gross Earnings	\$1,367,111	\$7,995
Operating Expenses	1,036,666	6,062
Net Earnings	330,445	1,933
Other Income	69,285	405
Total Net Income.....	399,730	2,338
Fixed Charges (including for Taxes, \$72,853).....	254,421	1,488
*Surplus	145,309	850

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$239,303	\$1,399
Maintenance of Equipment.....	272,882	1,596
Traffic Expenses	39,739	232
Transportation Expenses	433,541	2,535
General Expenses	51,201	300

Ratio of Operating Expenses to Gross Earnings, 75.8 per cent.

*This Surplus before deducting \$35,969 for Extraordinary Expenditures.

Other Income above includes \$21,568 balance from Hire of Equipment.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	35.7%	39.1%	42.5%	39.5%	38.8%	38.4%
For Traffic, Transportation and General Expenses.....	36.5%	39.2%	34.3%	35.3%	32.9%	31.5%
For Fixed Charges.....	17.7%	16.7%	13.9%	17.0%	15.2%	14.2%
For Surplus	10.1%	5.0%	9.3%	8.2%	13.1%	15.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road.....	407,053	393,491	440,198	383,239
Passenger miles per mile of road	100,934	106,653	108,035	81,120
Miles, yards and sidings.....	56	56	54	46

See Notes, page 375.

WESTERN RY. OF ALABAMA.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	132	\$579,804	\$124,475	1902-3	132	\$922,862	\$269,799
1896-7	132	636,533	166,311	1903-4	132	950,438	251,481
1897-8	132	603,630	125,032	1904-5	132	1,030,522	315,370
1898-9	132	668,335	176,594	1905-6	133	1,126,105	361,315
1899-0	132	739,746	174,180	1906-7	133	1,195,147	304,533
1900-1	132	824,910	195,700	1907-8	133	1,143,550	150,712
1901-2	132	832,550	232,468	1908-9	133	1,073,099	156,683

STOCK OUTSTANDING

June 30, 1909

Common..... \$3,000,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest..... \$1,543,000

CAPITALIZATION

	Total	Per Mile
Stock	\$3,000,000	\$22,556
Bonds	1,543,000	11,602
Total	4,543,000	34,158

The Western Ry. of Alabama paid in 1908-9 \$13,575 in rentals (included in Fixed Charges below). Fixed Charges below include also \$2,103 net loss from Outside Operations.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 133.

	Total	Per Mile
Gross Earnings	\$1,073,099	\$8,068
Operating Expenses	804,050	6,046
Net Earnings	269,049	2,023
Other Income	26,183	197
Total Net Income.....	295,232	2,220
Fixed Charges (including for Taxes, \$53,437)....	138,549	1,042
Surplus	156,683	1,178

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$203,049	\$1,527
Maintenance of Equipment.....	187,085	1,407
Traffic Expenses	52,310	393
Transportation Expenses	311,228	2,340
General Expenses	50,378	378

Ratio of Operating Expenses to Gross Earnings, 74.9 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	35.5%	37.7%	30.4%	27.8%	26.8%	30.6%
For Traffic, Transportation and General Expenses.....	37.6%	37.9%	35.6%	31.3%	33.1%	32.4%
For Fixed Charges.....	12.6%	11.6%	8.7%	9.1%	9.6%	10.5%
For Surplus	14.3%	12.8%	25.3%	31.8%	30.5%	26.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	318,310	354,206	341,589	334,766
Passenger miles per mile of road	137,109	135,607	137,430	118,195
Miles, yards and sidings.....	46	42	42	39

See Notes, page 376.

YAZOO & MISSISSIPPI VALLEY R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896-7	807	\$3,936,513	\$570,141	1903-4	1,173	\$7,868,385	\$578,616
1897-8	807	4,775,648	784,031	1904-5	1,204	8,670,245	655,643
1898-9	955	4,576,350	340,922	1905-6	1,211	8,671,251	20,618
1899-0	1,001	5,300,890	959,299	1906-7	1,239	9,499,659	71,207
1900-1	1,057	6,127,942	1,066,979	1907-8	1,298	9,580,634	*318,509
1901-2	1,095	6,587,356	865,755	1908-9	1,371	9,670,343	*205,078
1902-3	1,162	7,330,085	560,607				

*Deficit.

STOCK OUTSTANDING

June 30, 1909	
Common.....	\$6,168,400
*Income Bonds (5%)..	9,104,000
Land Grant Income	
Bonds (6%)	10,000,000

BONDS OUTSTANDING

June 30, 1909	
Fixed Interest.....	\$30,007,435

*Cumulative.

CAPITALIZATION

	Total	Per Mile
Stock	\$25,272,400	\$18,434
Bonds	30,007,435	21,887
Total	55,279,835	40,321

Fixed Charges below include \$279,923 Deficit from Outside Operations. This deficit was due to the large amount paid for Hire of Equipment. The net balance paid—Hire of Equipment—was \$302,344 in 1908-9 against \$453,525 in 1907-8.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,371.		Total	Per Mile
Gross Earnings		\$9,670,343	\$7,054
Operating Expenses		7,934,294	5,787
Net Earnings		1,736,049	1,267
Other Income		1,750	1
Total Net Income.....		1,737,799	1,268
Fixed Charges (including for Taxes, \$436,944)....		1,942,877	1,418
Deficit		205,078	150

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$2,042,511	\$1,490
Maintenance of Equipment.....	1,665,464	1,215
Traffic Expenses	190,836	139
Transportation Expenses	3,748,211	2,734
General Expenses	287,272	209

Ratio of Operating Expenses to Gross Earnings, 82.0 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	38.3%	36.0%	37.6%	37.3%	29.6%	29.4%
For Traffic, Transportation						
and General Expenses.....	43.7%	45.9%	43.2%	43.3%	44.1%	43.7%
For Fixed Charges.....	20.1%	21.4%	18.4%	19.0%	18.8%	19.5%
For Surplus	Deficit	Deficit	0.8%	0.4%	7.5%	7.4%

100.0% 100.0% 100.0% 100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	715,151	806,001	741,376	640,167
Passenger miles per mile of road	64,419	63,575	64,204	53,485
Miles, second and additional				
main track	8	8	.....	.....
Miles, yards and sidings.....	360	377	433	409

See Notes, page 377.

ATCHISON, TOPEKA & SANTA FE RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1899-0	7,341	\$46,232,078	\$9,739,304	1904-5	8,305	\$68,375,897	\$11,742,346
1900-1	7,807	54,474,823	12,474,529	1905-6	8,434	78,044,347	17,733,210
1901-2	7,855	59,135,086	15,564,527	1906-7	9,273	93,683,407	21,168,724
1902-3	7,965	62,350,397	13,898,330	1907-8	9,415	90,617,796	13,678,886
1903-4	8,189	68,171,200	15,359,771	1908-9	9,795	94,265,717	20,417,991

STOCK OUTSTANDING

June 30, 1909

Common.....	\$121,559,500
Preferred (5%)	114,173,730

*BONDS OUTSTANDING.

June 30, 1909

†Fixed Interest.....	\$311,218,820
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* Does not include \$3,307,030 bonds in Treasury; includes, however, \$1,940,000 Santa Fe, Prescott & Phoenix Ry. 5 per cent. bonds and \$2,627,320 Miscellaneous Divisional Bonds.

† Includes \$55,167,000 bonds convertible into common stock at par. After the close of the fiscal year there was sold to stockholders at 104, a new issue of Convertible Bonds, to the amount of \$28,238,000.

CAPITALIZATION

	Total	Per Mile
Stock	\$235,733,230	\$24,067
Bonds	311,218,820	31,773
Total	546,952,050	55,840

The Atchison, Topeka & Santa Fe Ry. paid in 1908-9 \$89,230 in rentals (included in Fixed Charges below). Fixed Charges include also \$770,826 for Hire of Equipment and \$87,549 for advances to Subsidiary Companies.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 9,795.

	Total	Per Mile
Gross Earnings	\$94,265,717	\$9,624
Operating Expenses	57,495,195	5,870
Net Earnings	36,770,522	3,754
Other Income	1,158,375	118
Total Net Income.....	37,928,897	3,872
Fixed Charges (including for Taxes, \$3,015,219) ...	17,510,906	1,787
*Surplus	20,417,991	2,085

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$12,884,407	\$1,315
Maintenance of Equipment.....	13,903,897	1,420
Traffic Expenses	1,904,822	195
Transportation Expenses	26,674,864	2,723
General Expenses	2,127,205	217

Ratio of Operating Expenses to Gross Earnings, 61.0 per cent.

*This Surplus before deducting \$158,220 for Fuel Reserve Fund and \$9,000,000 for Additions and Betterments as follows: Expended during year \$1,000,000, reserved for future expenditures, \$5,000,000.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	28.1%	31.5%	28.6%	29.2%	32.2%	27.6%
For Traffic, Transportation and General Expenses.....	32.2%	35.1%	33.7%	31.9%	33.5%	33.2%
For Fixed Charges.....	18.3%	18.4%	15.3%	16.6%	17.2%	17.0%
For Surplus	21.4%	15.0%	22.4%	22.3%	17.1%	22.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ten miles per mile of road....	639,119	692,025	737,913	692,604
Passenger miles per mile of road	113,119	109,270	104,567	100,114
Miles, second and additional main track	518	434	365	309
Miles, yards and sidings.....	2,934	2,677	2,522	2,259

See Notes, page 377.

COLORADO & SOUTHERN RY.

Year	Avg. Miles		Gross	Surplus	Year	Avg. Miles		Gross	Surplus
	Oper.					Oper.			
1900-1	1,142		\$4,794,649	\$405,648	1905-6	1,663		\$11,653,446	\$1,766,212
1901-2	1,133		5,580,327	626,759	1906-7	1,858		13,456,489	2,091,857
1902-3	1,121		6,142,989	496,953	1907-8	1,932		14,280,535	2,171,903
1903-4	1,120		5,702,688	437,841	1908-9	*1,980		15,080,412	2,198,859
1904-5	1,118		6,228,744	610,315					

* Includes Ft. Worth & Denver City Ry. 454 miles, Colorado Springs & Cripple Creek District Ry. (74 miles) and Wichita Valley Lines 174 miles. The figures below covering capitalization, earnings, etc., for the year 1908-9 are those for the Colorado Southern System.

STOCK OUTSTANDING

June 30, 1909

Common	\$31,000,000
Preferred, 1st (4%)	8,500,000
Preferred, 2nd (4%)	8,500,000
Other	39,422

* Does not include \$2,047,037 Company's bonds in Treasury, of which \$1,439,037 were Refunding and Extension Mortgage bonds

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest	\$55,929,715
Equipment	2,536,102

CAPITALIZATION

	Total	Per Mile
Stock	\$48,039,422	\$24,262
Bonds	58,465,817	29,528
Total	106,505,239	53,790

The Colorado & Southern Ry. paid in 1908-9 \$48,978 in rentals (included in Fixed Charges below). Fixed Charges include also \$37,843 paid account of Sinking Funds, \$155,689 for Hire of Equipment and \$7,135 Net Deficit from Outside Operations.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

	Total	Per Mile
Average miles operated, 1980.		
Gross Earnings	\$15,080,412	\$7,616
Operating Expenses	10,225,688	5,164
Net Earnings	4,854,724	2,452
Other Income	466,702	236
Total Net Income	5,321,426	2,688
Fixed Charges (including for Taxes, \$393,907)	3,122,567	1,577
*Surplus	2,198,859	1,111

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$2,135,736	\$1,079
Maintenance of Equipment	2,447,907	1,236
Traffic Expenses	277,664	140
Transportation Expenses	4,838,675	2,444
General Expenses	525,706	265

Ratio of Operating Expenses to Gross Earnings, 67.8 per cent.

* The proportion (one-half) of loss from operations of the Colorado Midland Ry. and of the Trinity & Brazos Valley Ry. should be deducted from the Surplus above to show the net results for the System. The Colorado & Southern's share of said loss was \$123,301.

The statistics below refer to the operations of the Colorado & Southern Ry. prior to the year 1905-6 and to the operations of the System from 1905-6 to 1908-9 inclusive.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses	29.5%	28.0%	29.5%	29.5%	32.8%	33.0%
For Traffic, Transportation and General Expenses	36.3%	36.5%	38.7%	37.4%	39.5%	40.7%
For Fixed Charges	20.1%	20.8%	16.4%	18.1%	17.9%	18.4%
For Surplus	14.1%	14.7%	15.4%	15.0%	9.8%	7.9%

100.0% 100.0% 100.0% 100.0% 100.0% 100.0%

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-6
Ton miles per mile of road	501,966	457,043	526,942	503,778		
Passenger miles per mile of road	76,664	72,656	73,966	64,831		
Miles, narrow gauge	390	386	386			
Miles, yards and sidings		434	407			352

See Notes, page 382.

CRIPPLE CREEK CENTRAL RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1905-6	82	\$899,816	\$336,755	1907-8	82	\$708,151	\$193,800
1906-7	82	742,612	235,215	1908-9	82	730,991	196,041

The earnings given on this page are the actual earnings of the underlying companies owned and controlled by the Cripple Creek Central Railway Company. The Income Account below is stated in a manner different from that in the Company's annual report, but the final surplus, applicable to dividends on the stock of the Cripple Creek Central Ry., is approximately correct, based on the statements in such report.

STOCK OUTSTANDING

June 30, 1909

*Common.....	\$2,500,000
*Preferred (4%).....	3,000,000

*These are the stocks of the parent Company.

†These bonds are the 5% bonds of the Midland Terminal Ry. The entire stock and bonds of the underlying companies, with the exception of the Midland Terminal Ry. bonds, are owned by the parent Company.

BONDS OUTSTANDING

June 30, 1909

†Fixed Interest	\$395,000
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CAPITALIZATION

	Total	Per Mile
Stock	\$5,500,000	\$67.073
Bonds	395,000	4.817
Total	5,895,000	71.890

Fixed Charges below include \$7,848 for Hire of Equipment, \$12,841 paid account of Sinking Fund, \$14,026 for General Expenses of the Cripple Creek Central Ry., and \$1,662 for Rent of Tracks and Other Property.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 82.	Total	Per Mile
Gross Earnings	\$730,991	\$8,915
Operating Expenses	498,553	6,080
Net Earnings	232,438	2,835
Other Income	40,391	499
Total Net Income	273,329	3,334
Fixed Charges (including for Taxes, \$20,855).....	77,288	943
Surplus	196,041	2,391

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$122,267	\$1,491
Maintenance of Equipment.....	74,581	910
Traffic Expenses	15,886	194
Transportation Expenses	258,169	3,148
General Expenses	27,650	337

Ratio of Operating Expenses to Gross Earnings, 68.2 per cent.

Other Income above includes \$16,910 net earnings of Colorado Trading & Transfer Co.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6
For Maintenance Expenses.....	25.5%	20.2%	19.7%	16.9%
For Traffic, Transportation and General Expenses	39.1%	37.9%	39.3%	38.2%
For Fixed Charges.....	10.0%	15.7%	10.3%	8.5%
For Surplus	25.4%	26.2%	30.7%	36.4%
	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Miles, yards and sidings.....	45	45	46	46

See Notes, page 385.

DENVER & RIO GRANDE R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	1,666	\$8,342,926	\$898,502	1903-4	2,398	\$16,446,435	\$2,574,413
1898-9	1,670	9,270,248	1,336,729	1904-5	2,420	17,031,507	2,932,452
1899-0	1,674	10,246,080	1,494,462	1905-6	2,477	19,686,115	3,712,474
1900-1	1,668	11,452,403	2,053,422	1906-7	2,500	21,409,042	4,176,797
1901-2	2,347	17,036,828	3,202,625	1907-8	2,499	20,386,431	3,535,836
1902-3	2,378	17,304,560	2,962,561	1908-9	2,534	20,876,571	3,056,948

STOCK OUTSTANDING

June 30, 1909	
Common.....	\$38,000,000
Preferred (5%).....	45,779,800

*BONDS OUTSTANDING

June 30, 1909	
Fixed Interest D. & R. G.	\$71,340,000
Fixed Interest R. G. W.	29,164,000
Equipment	1,875,000

*Does not include \$5,052,000 bonds held in Treasury.

CAPITALIZATION

	Total	Per Mile
Stock	\$83,779,800	\$33,062
Bonds	102,379,000	40,402
Total	186,158,800	73,464

The Denver & Rio Grande R. R. paid in 1908-9 \$39,452 in rentals (included in Fixed Charges below). Fixed Charges include also \$289,299 account of Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 2,534.	Total	Per Mile
Gross Earnings	\$20,876,571	\$8,238
Operating Expenses	14,452,574	5,703
Net Earnings	6,423,997	2,535
Other Income	1,025,577	405
Total Net Income.....	7,449,574	2,940
Fixed Charges (including for Taxes, \$762,824)....	4,392,626	1,734
*Surplus	3,056,948	1,206

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$2,530,109	\$998
Maintenance of Equipment.....	3,572,326	1,410
Traffic Expenses	467,269	184
Transportation Expenses	7,294,231	2,879
General Expenses	588,639	232

Ratio of Operating Expenses to Gross Earnings, 69.2 per cent.

*This Surplus before deducting \$156,361 for Betterments, \$204,884 for New Equipment and \$120,000 set aside for Renewal Fund. Equipment Trust payments (\$161,500) and interest on Equipment Trust bonds (\$101,438) were charged to Profit & Loss.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	27.9%	25.6%	24.4%	24.9%	23.4%	24.6%
For Traffic, Transportation and General Expenses....	38.1%	36.5%	36.8%	35.7%	35.7%	35.8%
For Fixed Charges.....	20.1%	21.0%	19.5%	20.7%	23.9%	24.2%
For Surplus	13.9%	16.9%	19.3%	18.7%	17.0%	15.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	458,262	433,213	452,446	435,344
Passenger miles per mile of road	94,537	102,517	101,045	102,785
Miles, second and additional main track	82	82	73	62
Miles, yards and sidings.....	.....	606	559	564
Miles, narrow gauge.....	787	795	795	913

See Notes, page 386.

KANSAS CITY SOUTHERN RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1899-0	833	\$4,118,763	.....	1904-5	839	\$6,627,754	\$735,213
1900-1	833	4,753,066	\$448,866	1905-6	827	7,256,384	933,055
1901-2	833	5,450,871	916,335	1906-7	827	8,763,591	2,455,339
1902-3	839	6,010,458	652,370	1907-8	827	8,758,929	1,613,272
1903-4	839	6,450,320	\$53,023	1908-9	827	8,771,965	1,876,655

STOCK OUTSTANDING

June 30, 1909

Common	\$30,000,000
Preferred (4%)	21,000,000

*Includes \$10,000,000 Refunding and Improvement Mortgage 5 per cent. bonds dated July 1, 1909; with part of proceeds from sale thereof \$5,100,000 5 per cent. Notes were paid.

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest	\$40,000,000
Equipment	1,356,000

CAPITALIZATION

	Total	Per Mile
Stock	\$51,000,000	\$61,669
Bonds	41,356,000	50,007
Total	92,356,000	111,676

The Kansas City Southern Ry. paid in 1908-9 \$21,689 in rentals (included in Fixed Charges below). Fixed Charges include also \$77,498 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 827.

	Total	Per Mile
Gross Earnings	\$8,771,965	\$10,607
Operating Expenses	5,350,056	6,469
Net Earnings	3,421,909	4,138
Other Income	97,813	118
Total Net Income	3,519,722	4,256
Fixed Charges (including for Taxes, \$322,279)....	1,643,067	1,987
*Surplus	1,876,655	2,269

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$960,600	\$1,162
Maintenance of Equipment	1,006,698	1,217
Traffic Expenses	271,594	328
Transportation Expenses	2,779,583	3,361
General Expenses	331,581	401

Ratio of Operating Expenses to Gross Earnings, 61.0 per cent.

*This Surplus before deducting \$250,000 for Equipment Reserve.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	22.2%	23.8%	21.6%	29.5%	29.9%	27.0%
For Traffic, Transportation and General Expenses.....	38.1%	40.9%	35.6%	42.5%	42.8%	42.6%
For Fixed Charges.....	18.5%	17.2%	15.3%	15.3%	16.3%	17.2%
For Surplus	21.2%	18.1%	27.5%	12.7%	11.0%	13.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	1,074,660	1,121,710	1,206,612	1,061,064
Passenger miles per mile of road	69,793	68,740	68,239	48,024
Miles, second and additional main track	6	6	6	6
Miles, yards and sidings.....	337	326	300	266

See Notes, page 390.

MISSOURI, KANSAS & TEXAS RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	2,147	\$11,036,987	\$16,393	1902-3	2,601	\$17,208,193	\$1,099,916
1896-7	2,197	11,478,315	*149,353	1903-4	2,884	17,766,595	1,066,368
1897-8	2,197	12,047,237	474,757	1904-5	3,043	20,041,096	1,267,191
1898-9	2,200	11,930,334	548,683	1905-6	3,043	21,159,145	1,653,087
1899-0	2,218	12,626,512	450,866	1906-7	3,072	26,183,959	3,682,311
1900-1	2,265	15,403,083	799,916	1907-8	3,072	23,283,670	1,335,274
1901-2	2,500	16,391,400	908,940	1908-9	3,072	25,300,915	1,374,296

*Deficit.

STOCK OUTSTANDING

June 30, 1909	
Common.....	\$63,300,300
Preferred (4%).....	13,000,000

BONDS OUTSTANDING

June 30, 1909	
Fixed Interest.....	\$112,246,000
Equipment	7,173

CAPITALIZATION

	Total	Per Mile
Stock	\$76,300,300	\$24,837
Bonds	112,253,173	36,541
Total	188,553,473	61,378

The Missouri, Kansas & Texas Ry. paid in 1908-9 \$530,408 in rentals (included in Fixed Charges below). Fixed Charges include also \$77,278 for Hire of Equipment, also \$12,000 paid account of Sinking Funds.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 3,072.	Total	Per Mile
Gross Earnings	\$25,300,915	\$8,236
Operating Expenses	17,667,406	5,751
Net Earnings	7,633,509	2,485
Other Income	181,435	59
Total Net Income	7,814,944	2,544
Fixed Charges (including for Taxes, \$967,309)....	6,440,648	2,097
*Surplus	1,374,296	447

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$3,370,149	\$1,097
Maintenance of Equipment	3,379,083	1,100
Traffic Expenses	587,451	191
Transportation Expenses	9,496,854	3,091
General Expenses	833,869	272

Ratio of Operating Expenses to Gross Earnings, 69.8 per cent.

*This Surplus before deducting \$433,412 for additions and betterment expenditures made in the State of Texas, against \$546,444 so deducted in 1907-8. Prior to 1907-8 such items were included in Operating Expenses.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	26.5%	26.0%	24.2%	26.8%	27.2%	23.8%
For Traffic, Transportation and General Expenses....	42.8%	43.5%	41.2%	42.6%	44.0%	46.2%
For Fixed Charges	25.3%	24.9%	20.6%	22.8%	22.6%	24.1%
For Surplus	5.4%	5.6%	14.0%	7.8%	6.2%	5.9%

100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
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	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	526,731	496,138	556,571	460,359
Passenger miles per mile of road	113,347	101,084	90,169	75,876
Miles, yards and sidings .....	.....	734	684	642

See Notes, page 392.

MISSOURI PACIFIC SYSTEM.

Year	Avg. Miles Oper.	Gross	Year	Avg. Miles Oper.	Gross
1897	4,938	\$24,805,451	1903	5,846	\$43,095,769
1898	4,938	26,744,823	1904	6,140	43,693,617
1899	4,938	28,079,820	1905-6	6,276	44,566,821
1900	4,938	30,511,313	1906-7	6,375	48,703,342
1901	5,555	36,661,094	1907-8	6,479	44,238,703
1902	5,613	37,495,688	1908-9	6,488	46,385,543

STOCK OUTSTANDING

June 30, 1909

Common.....\$79,753,985

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest\$201,904,570

Equipment 16,424,100

*29,806,000, 5% bonds, convertible into stock at par from September 1, 1912, to September 1, 1932, were offered for sale in November, 1909. (See Notes.)

Notes and Loans Payable June 30, 1909, \$14,537,602. (See Notes.)

CAPITALIZATION

	Total	Per Mile
Stock	\$79,753,985	\$12,293
Bonds	218,328,670	33,651
Total	298,082,655	45,944

The Missouri Pacific System paid in 1908-9 \$137,820 in rentals (included in Fixed Charges below). Fixed Charges include also \$993,473 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 6,488.

	Total	Per Mile
Gross Earnings	\$46,385,543	\$7,149
Operating Expenses	33,926,513	5,229
Net Earnings	12,459,030	1,920
Other Income	1,694,043	261
Total Net Income	14,153,073	2,181
Fixed Charges (including for Taxes, \$1,715,758) ..	13,088,564	2,017
Surplus	1,064,509	164

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$6,999,729	\$1,079
Maintenance of Equipment.....	7,042,448	1,085
Traffic Expenses	1,157,524	178
Transportation Expenses	17,237,366	2,657
General Expenses	1,489,446	230

Ratio of Operating Expenses to Gross Earnings, 73.1 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904	1903
For Maintenance Expenses.....	29.2%	25.8%	24.8%	23.2%	65.2%	62.7%
For Traffic, Transportation and General Expenses....	41.4%	41.4%	37.8%	39.7%		
For Fixed Charges.....	27.2%	26.5%	22.6%	23.9%	22.1%	21.1%
For Surplus	2.2%	6.3%	14.8%	13.2%	12.7%	16.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	629,707	612,811	702,095	668,791
Passenger miles per mile of road	68,719	69,821	67,851	63,333
Miles, second and additional main track	79	70	67	48
Miles, yards and sidings.....	...	1,818	1,721	1,669

See Notes, page 394.

RIO GRANDE SOUTHERN R. R.

†Avg. Miles				†Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1895-6	180	\$489,234	\$66,706	1902-3	180	\$553,554	\$73,357
1896-7	180	401,239	3,471	1903-4	180	461,566	*18,227
1897-8	180	426,264	7,588	1904-5	180	466,386	14,008
1898-9	180	489,325	24,594	1905-6	180	562,908	32,323
1899-0	180	525,137	33,941	1906-7	180	611,640	25,509
1900-1	180	539,529	45,951	1907-8	180	605,753	31,036
1901-2	180	575,675	52,292	1908-9	180	576,152	23,029

*Deficit.

†Narrow gauge.

STOCK OUTSTANDING

June 30, 1909

Common.....\$4,510,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest\$4,510,000

CAPITALIZATION

	Total	Per Mile
Stock	\$4,510,000	\$25,055
Bonds	4,510,000	25,055
Total	9,020,000	50,110

The Rio Grande Southern R. R. paid in 1908-9 \$5,324 in rentals (included in Fixed Charges below). Fixed Charges include also \$17,205 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 180.

	Total	Per Mile
Gross Earnings	\$576,152	\$3,201
Operating Expenses	379,973	2,111
Net Earnings	196,179	1,090
Other Income	11,795	65
Total Net Income	207,974	1,155
Fixed Charges (including for Taxes, \$28,074).....	231,003	1,283
Deficit	23,029	128

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$125,205	\$696
Maintenance of Equipment	42,018	233
Traffic Expenses	1,489	8
Transportation Expenses	191,813	1,066
General Expenses	19,448	108

Ratio of Operating Expenses to Gross Earnings, 65.9 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses..	28.4%	28.7%	29.4%	24.4%	23.9%	24.0%
For Traffic, Transportation and General Expenses....	36.2%	31.4%	32.3%	32.7%	31.5%	34.0%
For Fixed Charges	39.3%	35.0%	34.2%	37.1%	41.6%	45.9%
For Surplus	Deficit	4.9%	4.1%	5.8%	3.0%	Deficit
	100.0%	100.0%	100.0%	100.0%	100.0%	

See Notes, page 397.

ROCK ISLAND SYSTEM.

Avg. Miles			Avg. Miles		
Year	Oper.	Gross	Year	Oper.	Gross
1903-4	7,205	\$44,969,491	1906-7	7,780	\$60,238,420
1904-5	7,232	44,051,509	1907-8	7,970	58,454,197
1905-6	7,218	51,237,858	1908-9	*8,026	61,184,887

*Includes 710 miles trackage.

STOCK OUTSTANDING

June 30, 1909

(Rock Island System, C., R. I. & P. R. I. Co. Common.....	\$89,921,402
R. I. Co. Preferred (5%).....	49,270,690
C., R. I. & P. Ry.....	4,613,900

BONDS OUTSTANDING

June 30, 1909

R. R. and Rock Island Co.)	
R. I. System	\$195,625,000
R. I. Syst. Equipment	5,900,000
C., R. I. & P. R. R. 4's	70,386,700
*C., R. I. & P. R. R. 5's	17,364,130

*Called for payment Jan., 1910. (See Notes.)

CAPITALIZATION

	Total	Per Mile
Stock	\$143,805,992	\$17,918
Bonds	289,275,880	36,042
Total	433,081,872	53,960

The Rock Island System paid in 1908-9 \$1,567,967 in rentals (included in Fixed Charges below). Fixed Charges include also \$2,811,765, the interest on the C., R. I. & P. R. R. 4 per cent. bonds of 2002, \$868,200, the annual interest on that company's bonds of 1913, and the dividends on the C., R. I. & P. Ry. stock paid to the public, the latter amounting to \$239,647.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

(Revised as to Fixed Charges to show the earning capacity for Rock Island Co. Capital Stock.)

Average miles operated, 8,026.	Total	Per Mile
Gross Earnings	\$61,184,887	\$7,623
Operating Expenses	42,513,495	5,297
Net Earnings	18,671,392	2,326
Other Income	211,471	26
Total Net Income	18,882,863	2,352
Fixed Charges (including for Taxes, \$2,270,864) ..	16,636,244	2,073
*Surplus	2,246,619	279

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$9,051,830	\$1,128
Maintenance of Equipment	7,512,889	936
Traffic Expenses	1,441,215	179
Transportation Expenses	22,848,052	2,847
General Expenses	1,659,509	207

Ratio of Operating Expenses to Gross Earnings, 69.5 per cent.

*Had the entire surplus for 1908-9 of the C., R. I. & P. Ry. been distributed in dividends, the surplus above would have been less by about \$35,000, representing that amount which would have been paid to holders of the outstanding unexchanged stock of the Railway.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	27.0%	26.9%	26.1%	26.7%	25.4%	25.8%
For Traffic, Transportation and General Expenses....	42.3%	45.1%	41.2%	40.4%	42.7%	42.8%
For Fixed Charges.....	27.0%	26.6%	24.8%	27.5%	30.2%	26.8%
For Surplus	3.7%	1.4%	7.9%	5.4%	1.7%	4.6%

	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ton miles per mile of road....	518,394	504,384	550,268	514,767		
Passenger miles per mile of road	118,694	110,670	93,215	89,521		
Miles, second and additional main track	289	289	289	288		
Miles, yards and sidings.....	1,869	1,785	1,722	1,601		

See Notes, page 398.

ST. JOSEPH & GRAND ISLAND RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	251	\$1,232,508	\$298,651	1903-4	312	\$1,314,220	\$3,102
1898-9	308	1,261,060	174,156	1904-5	312	1,299,033	48,098
1899-0	312	1,404,695	218,637	1905-6	312	1,522,046	204,995
1900-1	312	1,399,955	400,284	1906-7	312	1,734,558	418,334
1901-2	312	1,349,790	292,602	1907-8	314	1,602,311	336,464
1902-3	312	1,388,162	178,085	1908-9	*319	1,562,113	147,124

*Includes 61 miles operated under trackage rights.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$4,600,000
Preferred, 1st (5%).....	5,500,000
Preferred, 2nd (4%).....	3,500,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest	\$4,000,000
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CAPITALIZATION

	Total	Per Mile
Stock	\$13,600,000	\$42,633
Bonds	4,000,000	12,539
Total	17,600,000	55,172

The St. Joseph & Grand Island Ry. paid in 1908-9 \$69,562 in rentals (included in Fixed Charges below). Fixed Charges include also \$38,148 for Hire of Equipment.

Other Income below includes \$30,774 Rents received from Joint Facilities.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 319.

	Total	Per Mile
Gross Earnings	\$1,562,113	\$4,897
Operating Expenses	1,127,339	3,534
Net Earnings	434,774	1,363
Other Income	34,326	107
Total Net Income	469,100	1,470
Fixed Charges (including for Taxes, \$51,933).....	321,976	1,009
Surplus	147,124	461

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$298,872	\$937
Maintenance of Equipment	176,348	553
Traffic Expenses	65,784	206
Transportation Expenses	540,928	1,696
General Expenses	45,407	142

Ratio of Operating Expenses to Gross Earnings, 72.2 per cent.

Other Income above includes \$3,227 Net Earnings from Outside Operations.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	29.8%	20.6%	20.3%	24.4%	26.1%	32.9%
For Traffic, Transportation and General Expenses.....	40.8%	35.8%	41.3%	45.5%	50.5%	49.0%
For Fixed Charges.....	20.2%	23.3%	14.3%	16.6%	19.7%	17.9%
For Surplus	9.2%	20.3%	24.1%	13.5%	3.7%	0.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	305,551	295,590	285,664	249,670
Passenger miles per mile of road	56,641	46,348	46,755	42,970
Miles yards and sidings	57	56	54	52

See Notes, page 403.

ST. LOUIS & SAN FRANCISCO R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1903-4	4,217	\$26,896,731	\$1,280,357	1906-7	5,062	\$38,621,067	\$1,158,583
1904-5	5,030	29,958,240	1,024,128	1907-8	5,064	35,806,132	459,066
1905-6	5,060	32,046,656	2,399,136	1908-9	5,251	38,195,738	1,328,585

*Does not include Chicago & Eastern Illinois Railroad, which see.

STOCK OUTSTANDING

June 30, 1909	
Common.....	\$29,000,000
Preferred, 1st (4%)....	5,000,000
Preferred, 2nd (4%)..	16,000,000

*BONDS OUTSTANDING

June 30, 1909	
†Fixed Interest	\$179,714,619
Equipment	15,033,552
‡Notes	19,625,000
Guaranteed Stock ..	13,510,000
Ctfs. (C. & E. I.)....	27,362,050
Const. Ctfs., etc.,	
Aux'l Cos.	1,459,931

* Includes \$5,288,117 bonds held in Treasury in Current Assets. Of these \$3,260,268 were General Lien 15-20-year 5 per cent. bonds.

† Includes bonds of Auxiliary Companies and those outstanding on Leasehold Estates.

‡ These Notes mature as follows: \$5,125,000 5 percent matured in 1909; \$9,500,000 5 per cent. in 1911, and \$4,000,000 4 per cent. in 1912.

The amount of Notes Payable, included in Current Liabilities not shown above, were on June 30, 1909, \$1,713,329 against \$11,987,036 as of June 30, 1905.

CAPITALIZATION

	Total	Per Mile
Stock	\$50,000,000	\$9,522
Bonds	256,705,152	48,887
Total	306,705,152	58,409

Fixed Charges below include besides dividends an interest on guaranteed and assumed stock, certificates and bonds. \$711,710 paid in sinking fund and \$60,000 paid account of Sinking Fund.

Other Income below \$1,409,792 is stated after charges deducted for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

(Not including C. & E. I. R. R.)

	Total	Per Mile
Average miles operated. 5,251.		
Gross Earnings	\$38,195,738	\$7,274
Operating Expenses	25,164,015	4,792
Net Earnings	13,031,723	2,482
Other Income	1,409,792	268
Total Net Income	14,441,515	2,750
Fixed Charges (including for Taxes, \$1,544,604) ..	13,112,930	2,497
Surplus	1,328,585	253

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$5,094,616	\$970
Maintenance of Equipment	4,638,516	883
Traffic Expenses	894,874	170
Transportation Expenses	13,294,084	2,532
General Expenses	1,241,925	237

Ratio of Operating Expenses to Gross Earnings, 65.9 per cent.

Other income above includes salaries, dividends received on C. & E. I. R. R. Co. stock, and Fixed Charges include \$1,024,482 dividends paid on C. & E. I. R. R. Co. stock trust certificates (see Notes).

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses..	24.5%	25.2%	25.2%	23.3%	23.1%	23.6%
For Traffic, Transportation and General Expenses....	39.0%	41.9%	36.8%	37.7%	39.6%	40.3%
For Fixed Charges	33.1%	31.6%	27.5%	32.1%	34.0%	31.5%
For Surplus	3.4%	1.3%	10.3%	6.9%	3.3%	4.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ton miles per mile of road....	1908-9	1907-8	1906-7	1905-6	1904-5	1903-6
Passenger miles per mile of road	483,618	486,842	525,148	454,969		
Miles, second and additional main track	89,403	81,786	70,705	63,526		
Miles, yards and sidings	40	40	40	40		
	1,411	1,329	1,303	1,252		

See Notes, page 404.

ST. LOUIS SOUTHWESTERN RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	1,223	\$5,279,333	\$157,293	1903-4	1,303	\$7,649,485	\$668,828
1898-9	1,250	5,862,338	759,677	1904-5	1,418	8,860,231	1,174,242
1899-0	1,258	5,908,284	835,182	1905-6	1,451	8,989,564	697,055
1900-1	1,275	7,387,174	1,813,799	1906-7	1,452	10,553,135	1,712,542
1901-2	1,293	7,267,260	1,113,603	1907-8	1,464	9,585,046	450,244
1902-3	1,291	7,278,575	694,834	1908-9	1,470	10,331,889	724,169

STOCK OUTSTANDING

June 30, 1909

Common.....	\$16,500,000
Preferred (5%).....	20,000,000
Income Bonds (4%) ..	3,043,500

*Includes \$1,993,100 First Consolidated Mortgage 4 per cent. bonds held in Company's Treasury.

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest	\$42,260,850
Equipment	1,185,417

CAPITALIZATION

Total Per Mile

Stock and Income Bonds.....	\$39,543,500	\$26,900
Bonds	43,446,267	29,555
Total	82,989,767	56,455

The St. Louis Southwestern Ry. paid in 1908-9 \$290,977 in rentals and for trackage (included in Fixed Charges below).

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,470.

Total Per Mile

Gross Earnings	\$10,331,889	\$7,028
Operating Expenses	7,787,093	5,297
Net Earnings	2,544,796	1,731
Other Income	467,385	318
Total Net Income	3,012,181	2,049
Fixed Charges (including for Taxes, \$268,704)....	2,288,012	1,556
Surplus	724,169	493

OPERATING EXPENSES

Total Per Mile

Maintenance of Way	\$1,892,498	\$1,287
Maintenance of Equipment	1,866,662	1,270
Traffic Expenses	366,883	249
Transportation Expenses	3,229,425	2,197
General Expenses	431,625	294

Ratio of Operating Expenses to Gross Earnings, 75.4 per cent.

From the Surplus shown above, the annual interest, amounting to \$126,080, was paid on the Income Bonds in the hands of the public.

Miscellaneous Receipts include \$98,444 Credit Balance—"Hire of Equipment." The sum of \$10,159 Net Deficit from Outside Operations is considered as having been deducted from Other Income.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	34.8%	33.1%	28.8%	31.0%	25.3%	30.7%
For Traffic, Transportation and General Expenses.....	37.3%	40.1%	38.1%	42.1%	43.5%	39.4%
For Fixed Charges	21.2%	22.4%	17.2%	19.2%	18.2%	21.3%
For Surplus	6.7%	4.4%	15.9%	7.7%	13.0%	8.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	487,514	484,231	507,336	470,720
Passenger miles per mile of road	59,817	59,104	57,344	49,511
Miles, yards and sidings.....	378	369	349	338

See Notes, page 408.

TEXAS & PACIFIC RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896	1,499	\$6,825,145	\$218,299	1903	1,727	\$12,094,744	\$1,780,107
1897	1,499	7,588,549	764,315	1904	1,826	12,433,147	2,430,973
1898	1,499	8,006,503	946,888	1905	1,826	12,130,391	2,010,796
1899	1,492	8,300,185	1,048,686	1906	1,848	14,914,608	3,082,817
1900	1,527	9,751,121	1,792,585	1907	*1,885	16,671,668	2,830,550
1901	1,634	11,769,942	2,413,329	1908	*1,885	13,917,315	1,170,603
1902	1,697	11,236,601	1,881,744				

*Includes 92 miles trackage.

STOCK OUTSTANDING

Dec. 31, 1908

Common.....\$38,763,810
Income Bonds (5%)... 24,986,908

*The balance sheet of December 31, 1908, showed Bills Payable, \$5,865,398.

*BONDS OUTSTANDING

Dec. 31, 1908

Fixed Interest.....\$29,970,941
Equipment 3,121,000

CAPITALIZATION

	Total	Per Mile
Stock and Income Bonds.....	\$53,750,718	\$33,820
Bonds	33,091,941	17,555
Total	96,842,659	51,375

INCOME ACCOUNT YEAR ENDING DECEMBER 31, 1908

	Total	Per Mile
Average miles operated, 1,885.		
Gross Earnings	\$13,917,315	\$7,383
Operating Expenses	10,288,808	5,458
Net Earnings	3,628,507	1,925
Other Income	127,818	68
Total Net Income	3,756,325	1,993
Fixed Charges (including for Taxes, \$558,429)....	2,585,722	1,372
*Surplus	1,170,603	621

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$1,800,898	\$955
Maintenance of Equipment	2,171,407	1,152
Traffic Expenses	190,207	101
Transportation Expenses	5,735,105	3,042
General Expenses	391,191	208

Ratio of Operating Expenses to Gross Earnings, 73.9 per cent.

*This Surplus before deducting \$905,588 for Extraordinary Expenditures. This sum represents \$304,803 for Improvement Account and \$600,785 for Equipment Account. This latter sum represents the proportion of cost of equipment purchased in previous years, and paid in 1908. Extraordinary Expenditures in 1907 were \$2,226,736.

APPROPRIATION OF GROSS INCOME

	1908	1907	1906	1905	1904	1903
For Maintenance Expenses.....	28.3%	23.3%	22.4%	21.7%	21.6%	23.7%
For Traffic, Transportation and General Expenses.....	45.0%	45.7%	43.4%	45.4%	43.3%	43.8%
For Fixed Charges.....	18.4%	14.1%	13.6%	16.4%	15.6%	17.9%
For Surplus	8.3%	16.9%	20.6%	16.5%	19.5%	14.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908	1907	1906	1905
Ton miles per mile of road....	485,457	602,857	520,124	445,948
Passenger miles per mile of road	78,031	90,541	80,994	63,287
Miles, second and additional main track	49	49	39	.....
Miles, yards and sidings.....	531	526	505	517

See Notes, page 410.

TEXAS CENTRAL R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1898-9	176	\$394,408	\$149,016	1904-5	227	\$827,380	\$247,002
1899-0	194	375,574	113,180	1905-6	227	945,241	354,445
1900-1	225	707,591	243,511	1906-7	241	1,244,106	458,879
1901-2	225	593,668	134,190	1907-8	268	1,009,167	107,191
1902-3	227	601,615	133,902	1908-9	268	1,164,481	166,992
1903-4	227	735,416	156,014				

STOCK OUTSTANDING

June 30, 1909

Common.....\$2,675,000

Preferred (5%) 1,325,000

*Does not include \$650,000 bonds in Treasury.

The balance sheet June 30, 1909, showed Bills Payable outstanding to the amount of \$242,000. In addition the Company had a large floating debt.

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....\$650,000

CAPITALIZATION

	Total	Per Mile
Stock	\$4,000,000	\$14,926
Bonds	650,000	2,425
Total	4,650,000	17,351

Fixed Charges below include \$23,731 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 268.

	Total	Per Mile
Gross Earnings	\$1,164,481	\$4,345
Operating Expenses	897,088	3,347
Net Earnings	267,393	998
Total Net Income	267,393	998
Fixed Charges (including for Taxes, \$31,180)....	100,401	375
*Surplus	166,992	623

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$229,245	\$855
Maintenance of Equipment	181,050	676
Traffic Expenses	13,856	51
Transportation Expenses	419,902	1,567
General Expenses	53,035	198

Ratio of Operating Expenses to Gross Earnings, 77.0 per cent.

*This Surplus before deducting \$48,269 for New Equipment and \$75,537 for new rails.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	35.2%	39.3%	22.5%	26.4%	31.0%	32.5%
For Traffic, Transportation and General Expenses	41.8%	42.1%	36.7%	32.0%	33.5%	40.2%
For Fixed Charges	8.6%	8.0%	3.9%	4.7%	5.6%	6.1%
For Surplus	14.4%	10.6%	36.9%	36.9%	29.9%	21.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	123,276	93,049	119,957	93,125
Passenger miles per mile of road	57,704	55,197	60,163	49,896
Miles, yards and sidings.....	28	28	28	.....

See Notes, page 411.

GREAT NORTHERN RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1899-0	5,076	\$28,910,789	\$12,120,805	1904-5	5,723	\$43,526,088	\$16,587,643
1900-1	5,202	28,350,690	9,388,982	1905-6	5,966	51,276,280	20,452,698
1901-2	5,249	36,032,256	14,526,521	1906-7	5,982	55,144,402	18,771,880
1902-3	5,490	40,785,647	15,496,022	1907-8	*6,594	54,429,633	14,990,314
1903-4	5,623	40,057,353	14,171,678	1908-9	*6,808	53,687,444	17,487,434

*Great Northern Ry. and properties formerly operated independently.

STOCK OUTSTANDING

June 30, 1909

Preferred.....\$209,970,250

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....\$100,018,939

*Includes all bonds assumed, but does not include \$26,378,970 bonds held in Treasury and Great Northern-Northern Pacific Joint Bonds (C. B. & Q. stock collateral).

CAPITALIZATION

	Total	Per Mile
Stock	\$209,970,250	\$30,842
Bonds	100,018,939	14,691
Total	309,989,189	45,533

The Great Northern Ry. paid in 1908-9 \$230,890 in rentals (included in Fixed Charges below). Fixed Charges include also \$121,723 deficit under guarantee of interest on Kootenay Ry. & Navigation Co.'s De-benture Stock.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 6,808.	Total	Per Mile
Gross Earnings	\$53,687,444	\$7,886
Operating Expenses	32,553,487	4,782
Net Earnings	21,133,957	3,104
Other Income	4,002,999	588
Total Net Income	25,136,956	3,692
Fixed Charges (including for Taxes, \$2,570,372) ..	7,649,522	1,123
Surplus	17,487,434	2,569

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$9,797,370	\$1,438
Maintenance of Equipment	6,173,847	907
Traffic Expenses	745,847	110
Transportation Expenses	14,822,546	2,178
General Expenses	1,013,877	149

Ratio of Operating Expenses to Gross Earnings, 60.6 per cent.

Other Income above includes \$1,698,540 (General Interest received; also \$817,502 profit on securities and properties sold).

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	27.7%	30.6%	23.3%	21.1%	20.8%	19.8%
For Traffic, Transportation and General Expenses.....	28.8%	31.1%	32.4%	27.4%	27.1%	29.9%
For Fixed Charges	13.2%	12.7%	12.1%	13.1%	15.2%	15.9%
For Surplus	30.3%	25.6%	32.2%	38.4%	36.9%	34.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The figures next below for last three years are for the Consolidated Systems.

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	711,222	782,127	852,948	835,342
Passenger miles per mile of road	72,032	74,765	72,568	68,077
Miles, second and additional main track	163	150	115	110
Miles, yards and sidings	1,709	1,619	1,452	1,318

See Notes, page 412.

IOWA CENTRAL RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	509	\$1,868,349	\$164,069	1903-4	558	\$2,377,105	*\$81,132
1898-9	513	2,120,575	184,913	1904-5	553	2,588,300	*77,074
1899-0	513	2,325,919	175,974	1905-6	558	2,958,587	237,442
1900-1	506	2,284,123	7,048	1906-7	553	3,132,048	445,595
1901-2	558	2,543,350	2,915	1907-8	558	3,002,475	215,199
1902-3	558	2,405,543	1,643	1908-9	558	3,015,647	*227,521

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common.....\$8,524,684

Preferred (5%) 5,674,771

*Includes \$395,000 First and Refunding 4% bonds in Treasury.

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....\$13,765,095

Equipment.....351,138

CAPITALIZATION

	Total	Per Mile
Stock	\$14,199,455	\$25,447
Bonds	14,116,233	25,298
Total	28,315,688	50,745

The Iowa Central Ry. paid in 1908-9 \$52,665 in rentals (included in Fixed Charges below). Fixed Charges include also \$131,614 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 558.	Total	Per Mile
Gross Earnings	\$3,015,647	\$5,404
Operating Expenses	2,471,672	4,430
Net Earnings	543,975	974
Other Income	113,650	204
Total Net Income	657,625	1,178
Fixed Charges (including for Taxes, \$89,103)....	885,146	1,586

OPERATING EXPENSES

	Total	Per Mile
Deficit	227,521	408
Maintenance of Way	\$330,590	\$592
Maintenance of Equipment	596,028	1,068
Traffic Expenses	107,370	193
Transportation Expenses	1,332,294	2,388
General Expenses	105,390	189

Ratio of Operating Expenses to Gross Earnings, 82.0 per cent.

The marked changes in the ratios given below are due, to some extent, to the fact that prior to 1905-6 Other Income and Fixed Charges included the interest on a large amount of bonds in Company's Treasury.

In 1908-9 \$248,133 "Depreciation prior to July 1, 1907, on equipment rebuilt and vacated during the year" was charged to Profit and Loss.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	29.6%	23.8%	23.1%	24.6%	27.1%	23.9%
For Traffic, Transportation and General Expenses	49.4%	45.3%	40.9%	44.1%	45.8%	50.1%
For Fixed Charges	28.3%	23.9%	22.2%	23.4%	29.8%	29.1%
For Surplus	Deficit	7.0%	13.8%	7.9%	Deficit	Deficit
	100.0%	100.0%	100.0%			

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	686,407	720,677	715,174	721,835
Passenger miles per mile of road	48,942	45,497	40,544	38,434
Miles, yards and sidings	129	123	124	122

See Notes, page 420.

MINNEAPOLIS & ST. LOUIS R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1902-3	642	\$3,265,472	\$511,915	1906-7	798	\$3,873,668	\$314,434
1903-4	642	2,850,565	298,078	1907-8	1,005	3,826,516	108,980
1904-5	730	3,076,756	257,495	1908-9	*1,027	4,171,315	†96,959
1905-6	799	3,726,665	416,030				

* Includes Des Moines & Fort Dodge R. R., 138 miles, and Minnesota, Dakota & Pacific Ry., 230 miles; both leased lines. † Deficit.

STOCK OUTSTANDING

June 30, 1909

*Common.....	\$6,000,000
*Preferred (5%)	4,000,000

BONDS OUTSTANDING

June 30, 1909

†Fixed Interest.....	\$23,395,000
Equipment	602,831
†Notes due 1911.....	5,000,000

* \$164,100 common stock and \$39,100 preferred stock held in Treasury.

† Includes \$3,072,000 4 per cent. bonds and \$86,000 5 per cent. bonds (net amount outstanding in hands of the public) of the Des Moines & Fort Dodge R. R. leased line, also \$117,000 First and Refunding 4 per cent. bonds held in Treasury. \$514,000 Des Moines & Fort Dodge R. R. 5 per cent. bonds were in the Treasury of the Minneapolis & St. Louis R. R. on June 30, 1909.

‡ These Notes are dated February 1, 1906, and were issued for the construction of 230 miles of road (Minnesota, Dakota & Pacific Ry.)

CAPITALIZATION

	Total	Per Mile
Stock	\$10,000,000	\$9,737
Bonds	28,997,831	28,236
Total	38,997,831	37,973

The Minneapolis & St. Louis R. R. paid in 1908-9 \$68,266 in rentals (included in Fixed Charges below). Fixed Charges below include the interest on bonds of the Des Moines & Ft. Dodge R. R., but do not include \$73,504 "Depreciation for prior years on equipment vacated this year."

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 1,027.	Total	Per Mile
Gross Earnings	\$4,171,315	\$4,062
Operating Expenses	2,845,606	2,771
Net Earnings	1,325,709	1,291
*Other Income	222,364	216
Total Net Income	1,548,073	1,507
Fixed Charges (including for Taxes, \$192,244)....	1,645,032	1,602
Deficit	96,959	95

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$462,917	\$451
Maintenance of Equipment	572,808	558
Traffic Expenses	122,480	119
Transportation Expenses	1,542,908	1,502
General Expenses	144,493	141

Ratio of Operating Expenses to Gross Earnings, 68.2 per cent.

* Other Income above does not include \$116,521 "Deficiency in operation for the year of leased lines." In the report this sum was credited back to the income of the Company and charged to the leased lines as follows: D. M. & Ft. D. R. R., \$12,357; Minn., Dak. & Pac. Ry., \$103,944. The stated amounts remain due from the respective companies.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	23.6%	23.8%	21.5%	21.4%	20.1%	19.6%
For Traffic, Transportation and General Expenses.....	41.2%	41.5%	35.6%	32.3%	35.0%	34.4%
For Fixed Charges	37.4%	32.0%	35.3%	35.8%	37.0%	36.4%
For Surplus	Deficit	2.7%	7.6%	10.5%	7.9%	9.6%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	253,211	239,194	299,235	276,813
Passenger miles per mile of road	56,423	54,755	63,972	62,134
Miles, second, etc., main track..	24	24	24	24
Miles, yards and sidings.....	174	169	159	152

See Notes, page 421.

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	1,195	\$4,132,699	\$402,190	1903-4	1,530	\$6,993,498	\$1,387,246
1898-9	1,272	4,348,585	375,058	1904-5	1,774	8,716,622	2,063,415
1899-0	1,286	5,151,188	880,872	1905-6	2,020	11,574,462	3,267,686
1900-1	1,312	4,517,076	327,873	1906-7	2,232	12,892,079	2,608,686
1901-2	1,396	6,222,388	1,586,501	1907-8	2,304	11,509,857	2,000,869
1902-3	1,464	7,237,264	1,664,497	1908-9	2,360	12,339,755	2,533,645

*STOCK OUTSTANDING

June 30, 1909

Common.....\$20,832,000

Preferred (7%) 10,416,000

*Includes \$4,032,000 common stock and \$2,016,000 preferred stock sold at par in 1908-9; final installment paid October 15, 1909.

†Does not include \$10,282,400 4 per cent. Leased Line Stock Certificates issued for and subject to cancellation on or before 2008 by return of Wisconsin Central Ry. Preferred Stock, an equivalent amount of which stock is held (see Notes).

BONDS OUTSTANDING

June 30, 1909

†Fixed Interest.....\$56,895,000

Equipment 1,551,000

CAPITALIZATION

	Total	Per Mile
Stock	\$31,248,000	\$13,241
Bonds	58,446,000	24,765
Total	89,694,000	38,000

The "Soo Line" paid in 1908-9 \$127,351 in rentals (included in Fixed Charges below). Fixed Charges below include \$109,402 for interest on 4% Leased Line Stock Certificates (see above). This is a portion of the year's interest. Other Income below includes \$113,583 from dividends on stock owned; presumably this amount includes dividends received from Wisconsin Central Ry. Preferred Stock, to an amount equal to the said interest paid on the Certificates.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 2,360.

	Total	Per Mile
Gross Earnings	\$12,339,755	\$5,229
Operating Expenses	6,914,607	2,930
Net Earnings	5,425,148	2,299
Other Income	442,734	188
Total Net Income	5,867,882	2,487
Fixed Charges	3,334,237	1,413
*Surplus	2,533,645	1,074

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$1,262,244	\$535
Maintenance of Equipment	1,364,319	578
Traffic Expenses	221,205	94
Transportation Expenses	3,794,085	1,608
General Expenses	272,754	115

Ratio of Operating Expenses to Gross Earnings, 56.0 per cent.

*This Surplus before deducting \$350,000 for Betterments, etc.

†Other Income above includes \$86,435 Net Earnings Outside Operations, and \$35,593 profit from sale of real estate.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	20.6%	22.1%	22.6%	18.2%	18.5%	20.3%
For Traffic, Transportation and General Expenses.....	33.5%	36.3%	34.8%	31.5%	32.7%	32.6%
For Fixed Charges	26.1%	25.2%	22.4%	22.2%	25.3%	27.5%
For Surplus	19.8%	16.4%	20.2%	28.1%	23.5%	19.6%

100.0% 100.0% 100.0% 100.0% 100.0% 100.0%

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
Ton miles per mile of road.....	460,724	417,523	518,985	536,606		
Passenger miles per mile of road	59,598	55,685	52,166	54,969		
Miles, yards and sidings.....		382	366	294		

See Notes, page 422.

NORTHERN PACIFIC RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1897-8	4,362	\$23,679,118	\$6,709,584	1903-4	5,262	\$46,524,574	\$15,229,311
1898-9	4,579	26,048,673	7,809,902	1904-5	5,315	50,722,886	17,126,242
1899-0	4,714	30,021,318	9,483,818	1905-6	5,401	61,223,475	22,487,740
1900-1	5,100	32,560,984	9,213,904	1906-7	5,443	68,534,832	23,473,929
1901-2	5,019	41,387,380	12,047,232	1907-8	5,633	68,235,484	22,999,951
1902-3	5,112	46,142,105	14,745,889	1908-9	5,671	68,460,747	24,907,766

STOCK OUTSTANDING

June 30, 1909

*Common.....\$248,000,000 †Fixed Interest.....\$175,315,500

*Includes \$93,000,000 new capital stock issuable January, 1909, \$2,387,000 of which, as of June 30, 1909, remained in form of Subscription Receipts, exchange for new stock not having been made.

†Includes assumed bonds of other companies, but not Northern Pacific-Great Northern Joint Bonds (C. B. & Q. stock collateral). The total above does not include \$16,122,000 bonds held in Treasury.

BONDS OUTSTANDING

June 30, 1909

CAPITALIZATION		Total	Per Mile
Stock		\$248,000,000	\$43,731
Bonds		175,315,500	30,915
Total		423,315,500	74,646

The Northern Pacific Ry. paid in 1908-9 \$337,136 in rentals (included in Fixed Charges below). Fixed Charges below do not include \$3,268,416 interest and commission on new stock subscription.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 5,671.		Total	Per Mile
Gross Earnings		\$68,460,747	\$12,072
Operating Expenses		38,020,004	6,704
Net Earnings		30,440,743	5,368
Other Income		4,126,997	728
Total Net Income		34,567,740	6,096
Fixed Charges (including for Taxes, \$2,547,835)....		9,659,974	1,704
*Surplus		24,907,766	4,392

OPERATING EXPENSES

		Total	Per Mile
Maintenance of Way.....		\$7,847,050	\$1,384
Maintenance of Equipment		7,845,689	1,383
Traffic Expenses		919,199	162
Transportation Expenses		20,305,621	3,581
General Expenses		1,102,445	194

Ratio of Operating Expenses to Gross Earnings, 55.5 per cent.

*This Surplus before deducting \$3,268,416 interest and commission on new stock subscription.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	21.6%	23.9%	20.7%	21.3%	23.6%	22.4%
For Traffic, Transportation and General Expenses.....	30.8%	30.8%	32.4%	28.1%	27.4%	28.1%
For Fixed Charges	13.3%	13.7%	13.8%	14.9%	16.5%	17.8%
For Surplus	34.3%	31.6%	33.1%	35.7%	32.5%	31.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	927,613	915,387	1,011,289	971,165
Passenger miles per mile of road	135,327	141,017	132,784	122,024
Miles, second and additional main track	470	330	248	124
Miles, yards, sidings and spurs..	2,162	2,024	1,864	1,744

See Notes, page 424.

SPOKANE & INLAND EMPIRE R. R.

(Includes Railway and Traction Lines.)

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1907-8	182	\$1,118,018	\$108,193	1908-9	*201	†\$1,269,101	\$145,498

*Total mileage operated June 30, 1909. 16 miles (Moscow Extension) were not placed in operation until September 15, 1908. Total includes operated mileage of Spokane Traction Company (32 miles).

†Includes \$413,538 earnings from Street Railway System and Miscellaneous. See Notes for earnings for calendar year 1909.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$10,000,000
*Preferred Cts. (5%)	6,320,700

*Cumulative after January 15, 1911. These certificates share pro rata with the common stock in all dividends up to 7 per cent. (See Notes.)

The Company's balance sheet of June 30, 1909, showed Term Notes Payable \$1,455,217. Interest on these loans was not included in Fixed Charges in the annual report.

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$4,949,000
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CAPITALIZATION

	Total	Per Mile
Stock	\$16,320,700	\$81,187
Bonds	4,949,000	24,622
Total	21,269,700	105,819

Fixed Charges below include \$5,716 for Hire of Equipment.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

(Includes all railway and traction lines operated.)

Average miles operated, 201.	Total	Per Mile
Gross Earnings	\$1,269,101	\$6,314
Operating Expenses	844,352	4,201
Net Earnings	424,749	2,113
Total Net Income	424,749	2,113
Fixed Charges (including for Taxes, \$37,800)....	279,251	1,389
Surplus	145,498	724

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$143,662	\$715
Maintenance of Equipment	118,855	591
Traffic Expenses	23,669	118
Transportation Expenses	459,265	2,285
General Expenses	98,901	492

Ratio of Operating Expenses to Gross Earnings, 66.5 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8
For Maintenance Expenses	20.7%	
For Traffic, Transportation and General Expenses	45.8%	
For Fixed Charges	22.0%	
For Surplus	11.5%	
	100.0%	
	1908-9	1907-8
Ton miles per mile of road (railroad division).....	91,513	77,161
Passenger miles per mile of road (railroad division) ..	149,145	167,263
Miles, second and additional main track.....	7	7
Miles, yards and sidings.....	39	30

See Notes, page 427.

THE EARNING POWER

UNION PACIFIC R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	*Gross	Surplus	Year	Oper.	*Gross	Surplus
1901-2	5,711	\$46,639,629	\$14,501,594	1905-6	5,404	\$66,879,142	\$31,764,406
1902-3	5,762	50,216,248	15,276,159	1906-7	5,645	75,651,105	36,176,689
1903-4	5,353	54,264,878	16,596,548	1907-8	5,781	74,422,777	35,719,400
1904-5	5,358	58,756,845	22,785,053	1908-9	6,062	77,360,429	41,598,401

*Does not include earnings from Water Lines.

STOCK OUTSTANDING

June 30, 1909

Common	\$199,302,300
Preferred (4%).....	99,544,000
Other	23,510

BONDS OUTSTANDING

June 30, 1909

*†Fixed Interest.....	\$322,785,800
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*Does not include bonds owned by the Union Pacific R. R. and Auxiliary Companies, including \$55,000,000 Oregon Short Line R. R. 4 per cent. Refunding Bonds. (See Notes.)

†Includes \$67,086,800 4 per cent. bonds due 1927, convertible into common stock at \$175 per share.

CAPITALIZATION

	Total	Per Mile
Stock	\$298,869,810	\$49,302
Bonds	322,785,800	53,248
Total	621,655,610	102,550

Fixed Charges below include \$51,977 net deficit from Outside Operations, and \$1,339,483 balance Hire of Equipment. From the total Fixed Charges is deducted \$360,958, representing net rentals received for lease of road, for joint tracks, etc.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

(Union Pacific R. R.—Ore. Short Line R. R.—Ore. R. R. & Nav. Co.)
Average miles operated, 6,062.

	Total	Per Mile
Gross Earnings	\$77,360,429	\$12,762
Operating Expenses	36,503,076	6,022
Net Earnings	40,857,353	6,740
Other Income	17,736,393	2,926
Total Net Income	58,593,746	9,666
Fixed Charges (including for Taxes, \$2,570,562)...	16,995,345	2,804
Surplus	41,598,401	6,862

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$7,682,146	\$1,267
Maintenance of Equipment	7,434,599	1,227
Traffic Expenses	1,563,031	258
Transportation Expenses	17,914,909	2,955
General Expenses	1,908,391	315

Ratio of Operating Expenses to Gross Earnings, 47.2 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	15.9%	19.4%	20.4%	22.0%	21.8%	21.5%
For Traffic, Transportation and General Expenses.....	22.5%	24.9%	25.4%	23.1%	23.9%	26.2%
For Fixed Charges	17.9%	16.2%	13.0%	13.7%	19.4%	23.9%
For Surplus	43.7%	39.5%	41.2%	41.2%	34.9%	28.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-6
Ton miles per mile of road....	868,799	911,943	1,010,480	990,632		
Passenger miles per mile of road	131,175	131,548	120,520	118,912		
Miles, second and additional main track	475	382	288	168		
Miles, yards and sidings	1,852	1,802	1,749	1,673		

See Notes, page 431.

SOUTHERN PACIFIC CO.

Avg. Miles				Avg. Miles			
Year	Oper.	*Gross	Surplus	Year	Oper.	*Gross	Surplus
1901-2	8,757	\$78,923,723	\$10,990,285	1905-6	9,192	\$99,123,550	\$19,913,371
1902-3	8,842	82,925,287	9,462,588	1906-7	9,401	117,331,812	28,911,816
1903-4	9,025	86,910,506	9,593,214	1907-8	9,506	113,545,567	20,761,880
1904-5	9,138	89,403,622	13,124,415	1908-9	9,626	110,846,404	27,747,213

* Does not include earnings from water lines.

† See Note under Income Account.

STOCK OUTSTANDING

BONDS OUTSTANDING

June 30, 1909

June 30, 1909

*Common.....\$213,910,359

†Fixed Interest\$465,918,859

†Preferred (7%)..... 58,626,765

* \$272,402,600 outstanding October 31, 1909. Increased stock exchanged for Preferred Stock.

† Called and retired July 15, 1909 (See Notes)

† Includes \$13,639,000 bonds held alive in Sinking Funds, \$2,551,500 bonds in Treasury and \$6,354,000 Income Bonds (not owned). The above does not include, however, \$12,549,000 bonds of Proprietary Companies deposited with Trustees as collateral for Southern Pacific Co. bonds. Includes \$79,896,546 20-year bonds, dated 1909, convertible into stock at 130 to June 1, 1919.

CAPITALIZATION.

	Total	Per Mile
Stock	\$272,537,124	\$28,313
Bonds	465,918,859	48,402
Total	738,455,983	76,715

Fixed Charges below include \$367,000 net payments account Sinking Funds, \$414,669 taxes and other expenses of Southern Pacific Co., \$54,935 Miscellaneous Expenses, and \$404,951 balance for Hire of Equipment, but do not include \$567,812 appropriated account Betterments, Additions and Reserve for Depreciation of Rolling Stock. See Note (*) below. From Fixed Charges is deducted \$529,625 net rentals for lease of road and for trackage.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 9,626.

	Total	Per Mile
Gross Earnings	\$110,846,404	\$11,515
Operating Expenses	67,191,875	6,980
Net Earnings	43,654,529	4,535
Other Income	6,137,795	638
Total Net Income	49,792,324	5,173
Fixed Charges (including for Taxes, \$4,269,834) ...	22,045,111	2,290
*Surplus	27,747,213	2,883

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$14,533,135	\$1,510
Maintenance of Equipment	14,379,762	1,494
Traffic Expenses	2,069,940	215
Transportation Expenses	32,846,193	3,412
General Expenses	3,362,845	349

Ratio of Operating Expenses to Gross Earnings, 60.6 per cent.

Other Income above includes \$1,071,246 Net Earnings from Outside Operations.

* Surplus before deducting the following: \$503,848 account of "Betterments and Additions payable from income of Southern Pacific Co." and \$333,361 account of "Reserve for Depreciation of Rolling Stock owned by Southern Pacific Co. and leased to other companies."

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	24.7%	27.7%	25.3%	29.7%	28.9%	27.1%
For Traffic, Transportation and General Expenses.....	32.7%	36.5%	34.7%	31.2%	34.4%	37.7%
For Fixed Charges	18.9%	18.3%	16.5%	19.7%	22.5%	24.5%
For Surplus	23.7%	17.5%	23.5%	19.4%	14.2%	10.7%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	629,087	682,329	733,458	678,481
Passenger miles per mile of road	160,109	163,045	158,725	134,887
Miles, second, etc., main track..	229	222	175	164
Miles, yards and sidings	3,199	3,051	2,897	2,824

See Notes, page 438.

NEVADA-CALIFORNIA-OREGON RY.

Year	*Avg. Miles		Gross	Surplus	Year	*Avg. Miles		Gross	Surplus
	Oper.					Oper.			
1902-3	144		\$196,298	\$53,394	1906-7	144		\$267,306	\$120,140
1903-4	144		194,835	43,313	1907-8	158		338,668	132,448
1904-5	144		219,768	74,189	1908-9	176		406,668	188,341
1905-6	144		229,128	75,048					

*Narrow Gauge.

STOCK OUTSTANDING

June 30, 1909

Common.....	\$1,450,000
Preferred (5%)	750,000

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....	\$580,000
Notes	60,000

*Does not include \$209,000 bonds in Treasury.

CAPITALIZATION

	Total	Per Mile
Stock	\$2,200,000	\$12,500
Bonds	640,000	3,636
Total	2,840,000	16,136

The Nevada-California-Oregon Ry. paid in 1908-9 \$205 in rentals (included in Fixed Charges below). Fixed Charges include also \$7,960 payment account of Sinking Fund.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 176.

	Total	Per Mile
Gross Earnings	\$406,668	\$2,311
Operating Expenses	177,811	1,010
Net Earnings	228,857	1,301
Other Income	14,633	83
Total Net Income	243,490	1,384
Fixed Charges (including for Taxes, \$12,450)....	55,149	314
Surplus	188,341	1,070

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$49,331	\$280
Maintenance of Equipment	39,772	226
Traffic Expenses	6,778	39
Transportation Expenses	62,350	354
General Expenses	19,580	111

Ratio of Operating Expenses to Gross Earnings 43.7 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	21.1%	24.2%	17.2%	16.4%	18.0%	22.6%
For Traffic, Transportation and General Expenses....	21.1%	23.6%	24.7%	33.7%	29.8%	35.4%
For Fixed Charges	13.1%	15.2%	15.9%	19.8%	20.9%	19.7%
For Surplus	44.7%	37.0%	42.2%	30.1%	31.3%	22.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	25,452	27,315	29,210	21,809
Passenger miles per mile of road	10,475	9,871	9,216	6,722
Miles, yards and sidings	..	7	7	7

See Notes, page 444.

TONOPAH & GOLDFIELD R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1906-7	106	\$2,386,574	\$843,058	1908-9	109	\$910,019	\$26,529
1907-8	106	1,517,577	198,758				

STOCK OUTSTANDING

June 30, 1909

Common.....	\$1,650,000
Preferred (7%)	500,000

BONDS OUTSTANDING

June 30, 1909

*Fixed Interest.....	\$919,000
----------------------	-----------

*Does not include \$350,000 bonds in Treasury.

Bills Payable June 30, 1909, were \$75,000 against \$344,702 as of June 30, 1908.

CAPITALIZATION

	Total	Per Mile
Stock	\$2,150,000	\$19,725
Bonds	919,000	8,431
Total	3,069,000	28,156

The Tonopah & Goldfield R. R. paid in 1908-9 \$7,454 in rentals and \$8,278 for Hire of Equipment (both items included in Fixed Charges below). Fixed Charges below include also \$78,925 paid account of Sinking Funds.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 109.

	Total	Per Mile
Gross Earnings	\$910,019	\$8,349
Operating Expenses	681,583	6,253
Net Earnings	228,436	2,096
Other Income	3,165	29
Total Net Income	231,601	2,125
Fixed Charges (including for Taxes, \$45,851)....	205,072	1,881
Surplus	26,529	244

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$90,756	\$832
Maintenance of Equipment	116,931	1,073
Traffic Expenses	23,203	213
Transportation Expenses	388,459	3,564
General Expenses	62,234	571

Ratio of Operating Expenses to Gross Earnings, 74.9 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8
For Maintenance Expenses.....	22.7%	22.4%
For Traffic, Transportation and General Expenses	51.9%	48.9%
For Fixed Charges	22.5%	15.6%
For Surplus	2.9%	13.1%
	100.0%	100.0%

See Notes, page 445.

DULUTH, SOUTH SHORE & ATLANTIC RY.

Year	Avg. Miles Oper.	Gross	Year	Avg. Miles Oper.	Gross
1900-1	574	\$2,484,211	1905-6	593	\$3,057,809
1901-2	575	2,690,569	1906-7	591	3,311,878
1902-3	574	2,772,135	1907-8	595	2,921,916
1903-4	579	2,524,612	1908-9	593	2,719,338
1904-5	586	2,706,936			

STOCK OUTSTANDING

June 30, 1909

Common.....	\$12,000,000
Preferred (6%)	10,000,000
Income Cfts. (4%)....	3,000,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$20,000,000
Equipment	587,811
Canadian Pacific Ry. Guaranteed Interest Advances	5,262,235

CAPITALIZATION

Total Per Mile

Stock and Income Cfts.....	\$25,000,000	\$42,159
Bonds	25,850,046	43,592
Total	50,850,046	85,751

The Duluth, South Shore & Atlantic Ry. paid in 1908-9 \$28,937 in rentals, etc. (included in Fixed Charges below).

The balance sheet as of June 30, 1909, shows an indebtedness to the Canadian Pacific Ry. amounting to \$5,265,223, (this includes the Guaranteed Interest Advances included above). Aside from this indebtedness to the Canadian Pacific Ry. there was a large floating debt. The debit to Profit and Loss was on June 30, 1909, \$3,258,981.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 593.		
Gross Earnings	Total \$2,719,338	Per Mile \$4,586
Operating Expenses	1,979,518	3,338
Net Earnings	739,820	1,248
Other Income	154,075	260
Total Net Income	893,895	1,508
Fixed Charges (including for Taxes, \$203,600)....	1,095,342	1,847
Deficit	201,447	339

OPERATING EXPENSES

Total Per Mile

Maintenance of Way	\$445,281	\$751
Maintenance of Equipment	327,791	553
Traffic Expenses	100,884	170
Transportation Expenses	1,027,071	1,732
General Expenses	78,491	132

Ratio of Operating Expenses to Gross Earnings, 72.8 per cent.

Other Income above includes \$7,866 profit from Outside Operations.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	26.9%	30.7%	24.6%	24.2%	24.3%	24.7%
For Traffic, Transportation and General Expenses.....	42.0%	43.5%	45.1%	42.7%	43.7%	44.3%
For Fixed Charges	38.1%	36.2%	31.9%	38.1%	39.5%	42.2%
For Surplus	Deficit	Deficit	Deficit	Deficit	Deficit	Deficit

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	289,743	303,785	402,504	383,090
Passenger miles per mile of road	62,627	64,710	68,163	58,034
Miles, second and additional main track	2	2	2	2
Miles, yards and sidings .....	.....	149	145	146

See Notes, page 446.

MINERAL RANGE R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1906-7	126	\$786,940	\$45,545	1908-9	129	\$826,375	*\$44,412
1907-8	129	806,075	*31,005				

*Deficit.

STOCK OUTSTANDING

June 30, 1909

Common..... \$1,085,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest..... \$1,918,000

CAPITALIZATION

	Total	Per Mile
Stock	\$1,085,000	\$8,411
Bonds	1,918,000	14,868
Total	3,003,000	23,279

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 129.

	Total	Per Mile
Gross Earnings	\$826,375	\$6,406
Operating Expenses	701,033	5,434
Net Earnings	125,342	972
Other Income	3,049	24
Total Net Income.....	128,391	996
Fixed Charges (including for Taxes, \$39,933).....	172,803	1,340
Deficit	44,412	344

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$147,462	\$1,143
Maintenance of Equipment.....	132,876	1,030
Traffic Expenses	7,248	56
Transportation Expenses	398,115	3,086
General Expenses	15,332	119

Ratio of Operating Expenses to Gross Earnings, 84.8 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8
For Maintenance Expenses.....	33.8%	34.5%
For Traffic, Transportation and General Expenses.....	50.7%	50.4%
For Fixed Charges.....	20.8%	18.8%
For Surplus	Deficit	Deficit

	1907-8	1906-7
Miles, yards and sidings.....	56	54

See Notes, page 446.

CANADIAN NORTHERN RY.

Year	Avg. Miles Oper.	Gross	Surplus	Year	Avg. Miles Oper.	Gross	Surplus
1902-3	1,236	\$2,440,579	.....	1906-7	2,509	\$8,350,198	\$1,041,488
1903-4	1,349	3,242,703	\$316,402	1907-8	2,866	9,709,463	642,348
1904-5	1,586	4,190,212	416,703	1908-9	3,013	10,581,768	636,571
1905-6	2,064	5,903,755	719,574				

STOCK OUTSTANDING

June 30, 1909
Common.....\$55,000,000

BONDS OUTSTANDING

June 30, 1909	
Fixed Interest.....	\$26,727,183
Debenture Stock	24,054,717
Equipment	9,776,232
*Land Grant Bonds...	4,805,347

*Does not include \$2,000,000 other Land Grant Bonds, inasmuch as cash is held in trust by the National Trust Co. to provide for their retirement.

CAPITALIZATION

	Total	Per Mile
Stock	\$55,000,000	\$18,254
Bonds	65,363,479	21,694
Total	120,363,479	39,948

Fixed Charges below include \$223,960 account of rentals paid.

Fixed Charges below include \$223,960 account of rentals paid.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 3,013.

Average miles operated, 3,013.		Total	Per Mile
Gross Earnings		\$10,581,768	\$3,512
Operating Expenses		6,896,413	2,289
Net Earnings		3,685,355	1,223
Total Net Income.....		3,685,355	1,223
Fixed Charges (including for Taxes, \$118,993)....		3,048,784	1,012
Surplus		636,571	211

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$1,436,440	\$477
Maintenance of Equipment.....	1,252,764	416
Traffic Expenses	128,728	43
Transportation Expenses	3,863,705	1,282
General Expenses	214,776	71

Ratio of Operating Expenses to Gross Earnings, 65.2 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	25.4%	29.0%	25.0%	23.6%	23.1%	23.8%
For Traffic, Transportation and General Expenses.....	39.8%	39.2%	39.4%	38.6%	40.0%	41.5%
For Fixed Charges.....	28.8%	25.2%	23.1%	25.6%	26.9%	24.9%
For Surplus	6.0%	6.6%	12.5%	12.2%	10.0%	9.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	332,185	305,404	262,032	259,349
Passenger miles per mile of road	25,902	25,983	24,186	22,859
Miles, yards and sidings.....	.....	219	219	.....

See Notes, page 447.

CANADIAN PACIFIC RY.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1896	6,476	\$20,681,597	\$1,706,773	1903-4	8,133	\$46,469,132	\$8,318,277
1897	6,567	24,049,535	3,861,115	1904-5	8,568	50,481,882	9,105,686
1898	6,681	26,138,977	4,124,418	1905-6	8,777	61,649,758	16,592,215
1899	7,000	29,230,038	6,563,688	1906-7	9,153	72,217,528	19,156,033
1900-1	7,563	30,855,203	5,736,965	1907-8	9,426	71,384,174	15,676,922
1901-2	7,588	37,503,053	7,709,914	1908-9	9,878	76,313,321	15,835,028
1902-3	7,619	43,957,373	10,071,461				

STOCK OUTSTANDING

June 30, 1909

*Common.....	\$150,000,000
Preferred (4%).....	52,696,666

BONDS OUTSTANDING

June 30, 1909

Fixed Interest	\$39,621,967
Debenture Stock	128,930,132
Equipment	1,630,000

*\$30,000,000 additional stock sold in November, 1909, at 125%.

CAPITALIZATION

	Total	Per Mile
Stock	\$202,696,666	\$20,520
Bonds and Debentures	170,182,099	17,228
Total	372,878,765	37,748

Fixed Charges below include \$2,303,319 paid in rentals and in interest on bonds other than those included above.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 9,878.		Total	Per Mile
Gross Earnings		\$76,313,321	\$7,726
Operating Expenses		53,357,748	5,402
Net Earnings		22,955,573	2,324
Other Income		2,306,488	233
Total Net Income		25,262,061	2,557
Fixed Charges		9,427,033	954
*Surplus		15,835,028	1,603

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$10,074,049	\$1,020
Maintenance of Equipment	11,080,886	1,122
Traffic Expenses	2,123,860	215
Transportation Expenses (including for steamers, telegraph, parlor cars, etc.).....	27,722,550	2,806
General Expenses	2,356,403	239

Ratio of Operating Expenses to Gross Earnings, 69.9 per cent.

*This Surplus before deducting \$800,000 transferred to Steamship Replacement Account and \$80,000 contributed to Pension Fund.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses.....	26.9%	26.7%	25.7%	25.9%	29.1%	27.5%
For Traffic, Transportation and General Expenses	40.9%	40.3%	37.2%	34.9%	38.1%	39.4%
For Fixed Charges	12.0%	11.8%	11.4%	13.1%	15.3%	15.9%
For Surplus	20.2%	21.2%	25.7%	26.1%	17.5%	17.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road....	637,775	618,626	645,552	597,306
Passenger miles per mile of road	108,750	112,716	117,330	99,032

See Notes, page 449.

GRAND TRUNK RY. OF CANADA.

Note: The statements of this Company are rendered expressed in Pounds Sterling. The figures have been converted into Dollars at the rate of exchange of \$4.87 per Pound Sterling.

*Avg. Miles				*Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1903-4	3,562	\$27,750,208	\$2,549,226	1906-7	3,535	\$33,924,939	\$4,084,879
1904-5	3,535	28,532,463	3,492,452	1907-8	3,536	32,543,475	3,446,453
1905-6	3,535	30,732,984	3,597,174	1908-9	3,536	30,434,138	3,513,143

*Does not include Grand Trunk Western Ry. (336 miles), Detroit, Grand Haven & Milwaukee Ry. (190 miles) and Toledo, Saginaw & Muskegon Ry. (96 miles). Entire or majority stock of these roads is owned.

STOCK OUTSTANDING

June 30, 1909	
Common	\$109,458,046
Preference 1st (5%) ..	16,655,400
Preference 2d (5%) ..	12,321,100
Preference 3d (4%) ..	34,908,425
Guaranteed (4%)	47,920,852

BONDS OUTSTANDING

June 30, 1909	
Debenture Stock (4%) ..	\$79,367,783
Debenture Stock (5%) ..	34,058,126
Loan Capital	7,215,879
Canadian Govt. Advances	15,153,005

CAPITALIZATION

	Total	Per Mile
Stock	\$221,263,823	\$62,575
Bonds	135,794,793	38,403
Total	357,058,616	100,978

Fixed Charges below include \$755,853 for rentals, \$411,425 for advances to Canada Atlantic Ry., and \$110,111 advances to Detroit, Grand Haven & Milwaukee Ry.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 3,536.	Total	Per Mile
Gross Earnings	\$30,434,138	\$8,607
Operating Expenses	21,365,089	6,042
Net Earnings	9,069,049	2,565
Other Income	1,503,927	425
Total Net Income	10,572,976	2,990
Fixed Charges (including for Taxes, \$557,753) ..	7,059,833	1,996
Surplus	3,513,143	994

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$4,093,582	\$1,158
Maintenance of Equipment	4,205,534	1,189
Conducting Transportation	12,240,250	3,462
General Expenses	825,723	233

Ratio of Operating Expenses to Gross Earnings, 70.2 per cent.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8	1906-7	1905-6	1904-5	1903-4
For Maintenance Expenses	26.0%	25.3%	20.7%	29.9%	26.9%	25.6%
For Conducting Transportation and General Expenses ..	40.9%	43.0%	38.4%	37.3%	39.9%	43.4%
For Fixed Charges	22.1%	21.5%	20.3%	21.5%	21.4%	22.1%
For Surplus	11.0%	10.2%	11.6%	11.3%	11.8%	8.9%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	1908-9	1907-8	1906-7	1905-6
Ton miles per mile of road	794,962	851,074	912,286	802,260
Miles, second and additional main track	709	700	671	663
Miles, yards and sidings	1,286	1,231	1,182	1,146

See Notes, page 453.

MEXICAN INTERNATIONAL R. R.

(Figures reduced to Gold at 50 cents for the silver dollar.)

Year	Avg. Miles Oper.	Gross	Surplus	Year	Avg. Miles Oper.	Gross	Surplus
1907-8	918	\$4,140,783	\$744,507	1908-9	918	\$3,476,642	\$852,763

STOCK OUTSTANDING

June 30, 1909

Common	\$20,708,260
Income Bonds (4%)..	4,499,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest	\$13,056,500
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CAPITALIZATION

	Total	Per Mile
Stock and Income Bonds.....	\$25,207,200	\$27,459
Bonds	13,056,500	14,223
Total	38,263,700	41,682

The Mexican International R. R. paid in 1908-9 \$10,000 in rentals (included in Fixed Charges below).

Fixed Charges below includes \$13,050 "Duties paid on Imported Material," but does not include \$179,960 "One year's interest on Income Bonds to June 30, 1908."

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 918.

	Total	Per Mile
Gross Earnings	\$3,476,642	\$3,787
Operating Expenses	2,023,738	2,205
Net Earnings	1,452,904	1,582
Other Income	705	1
Total Net Income	1,453,609	1,583
Fixed Charges (including for Taxes, \$10,591)....	600,846	655
*Surplus	852,763	928

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$454,531	\$495
Maintenance of Equipment.....	483,589	527
Conducting Transportation	937,242	1,021
General Expenses	148,376	162

Ratio of Operating Expenses to Gross Earnings, 58.2 per cent.

*This Surplus before deducting \$87,222 for Additions and Betterments; \$31,337 Mezquite Branch, "net debit written off;" \$5,000 Reserve for Doubtful Debts; and \$1,188 "Forfeiture of Branch Lines Concession."

APPROPRIATION OF GROSS INCOME

	1908-9
For Maintenance Expenses.....	27.0%
For Conducting Transportation and General Expenses.....	31.2%
For Fixed Charges	17.3%
For Surplus	24.5%
	100.0%
	1908-9
Ton miles per mile of road.....	349,320
Passenger miles per mile of road.....	26,058
Miles, yards and sidings.....	164

See Notes, page 456.

THE EARNING POWER

NATIONAL RYS. OF MEXICO.

(Figures reduced to Gold at 50 cents for the silver dollar.)

Year	Average Miles Operated	Gross Earnings	Surplus
1908-9	5,227	\$24,402,761	\$1,844,979

STOCK OUTSTANDING

June 30, 1909

Common	\$74,789,367
Preferred 1st (4%)...	28,806,500
*Preferred 2d (5%)...	119,137,496
Undeposited stock and	
Income Bonds	1,627,400

†BONDS OUTSTANDING

June 30, 1909

Fixed Interest.....	\$127,406,628
Bonds National R. R.	
of Mex. assumed..	47,740,000
Equipment Obliga-	
tions & Notes as-	
sumed	18,523,119
Undeposited Bonds ..	5,150,585

*Does not include \$4,818,025 stock in Treasury, of which \$2,046,000 is pledged as Collateral for Mexican Central Ry. Notes.

†Does not include \$17,567,500 in Treasury, of which \$11,537,000 are pledged as Collateral for Mexican Central Ry. Notes.

CAPITALIZATION

	Total	Per Mile
Stock	\$224,360,763	\$42,924
Bonds	198,820,332	38,037
Total	423,181,095	80,961

The National Rys. of Mexico paid in 1908-9 \$28,698 in rentals (included in Fixed Charges below); also \$11,417 Operating Deficits of Subsidiary Companies. Fixed Charges below do not include \$670,200 "Reserve for Accrued Depreciation of Equipment" and \$541,208 "Adjustment of Operating Expenses of and Claims made on Constituent Companies."

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

	Total	Per Mile
Average miles operated, 5,227.		
Gross Earnings	\$24,402,761	\$4,669
Operating Expenses	14,583,447	2,790
Net Earnings	9,819,314	1,879
Other Income	693,047	132
Total Net Income.....	10,512,361	2,011
Fixed Charges (including for Taxes, \$139,294)....	8,667,382	1,658
*Surplus	1,844,979	353

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way.....	\$3,287,416	\$629
Maintenance of Equipment	3,095,885	592
Conducting Transportation	7,234,607	1,384
General Expenses	965,539	185

Ratio of Operating Expenses to Gross Earnings, 59.8 per cent.

*See above regarding deductions made from this Surplus.

APPROPRIATION OF GROSS INCOME

	1908-9
For Maintenance Expenses	25.4%
For Conducting Transportation and General Expenses.....	32.7%
For Fixed Charges	34.5%
For Surplus	7.4%
	100.0%

	1908-9
Ton miles per mile of road.....	235,343
Passenger miles per mile of road.....	68,830
Miles, yards and sidings	685

See Notes, page 456.

CUBA R. R.

Avg. Miles				Avg. Miles			
Year	Oper.	Gross	Surplus	Year	Oper.	Gross	Surplus
1904-5	408	\$1,029,259	\$37,448	1907-8	440	\$1,988,676	\$355,425
1905-6	421	1,619,082	287,861	1908-9	444	2,115,984	550,799
1906-7	426	1,935,092	332,424				

STOCK OUTSTANDING

June 30, 1909

*Common	\$6,126,000
Preferred (6%).....	10,000,000

BONDS OUTSTANDING

June 30, 1909

Fixed Interest	\$8,399,000
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*\$3,874,000 additional unissued common stock will be due to the Cuba Co. (which controls the Cuba R. R.) on the final adjustment of accounts between the companies.

The balance sheet of June 30, 1909, showed \$478,790 due the Government of Cuba in 1916 (without interest).

CAPITALIZATION.

	Total	Per Mile
Stock	\$16,126,000	\$36,320
Bonds	8,399,000	18,917
Total	24,525,000	55,237

In Operating Expenses below under Maintenance of Way is included \$96,000 for "Extraordinary Expenses not pertaining to the business of the year." Similar items included in expenses in previous years were: 1907-8, \$156,093; 1906-7, \$157,738; 1905-6, \$113,982, and 1904-5, \$20,155.

INCOME ACCOUNT YEAR ENDING JUNE 30, 1909

Average miles operated, 444.

	Total	Per Mile
Gross Earnings	\$2,115,984	\$4,766
Operating Expenses	1,170,917	2,637
Net Earnings	945,067	2,129
*Other Income	5,022	11
Total Net Income	950,089	2,140
Fixed Charges	399,290	899
Surplus	550,799	1,241

OPERATING EXPENSES

	Total	Per Mile
Maintenance of Way	\$304,904	\$687
Maintenance of Equipment	183,362	413
Conducting Transportation	575,774	1,297
General Expenses	106,877	240

Ratio of Operating Expenses to Gross Earnings, 55.3 per cent.

*Net Receipts from Antilla Terminals.

APPROPRIATION OF GROSS INCOME

	1908-9	1907-8
For Maintenance Expenses	23.0%	29.6%
For Conducting Transportation and General Expenses..	32.2%	34.2%
For Fixed Charges	18.8%	18.4%
For Surplus	26.0%	17.8%
	100%	100%

	1908-9	1907-8	1906-7
Ton miles per mile of road	100,115	84,588	
Passenger miles per mile of road.....	68,115	67,230	

See Notes, page 460.

NOTES.

BANGOR & AROOSTOOK R. R.

An initial (semi-annual) dividend of $1\frac{1}{2}\%$ was declared in December, 1903, payable to stockholders of record January 1, 1904. Dividends at this rate were maintained until July, 1905, when a 2% dividend was paid. Dividends have since been paid at the rate of 4% per annum.

Appropriations from surplus earnings for betterments have been made as follows:

Year 1900-1.....	\$ 80,000
Year 1901-2.....	118,741
Year 1902-3.....	57,063
Year 1903-4.....	79,500
Year 1904-5.....	105,000
Year 1905-6.....	164,842
Year 1906-7.....	99,626

No appropriations were made for betterments during 1907-8 and 1908-9.

In July, 1903, \$500,000 additional stock was issued to purchase the Fish River R. R., Ashland, Me., to Fort Kent, 53 miles. This road has been operated under lease since December 15, 1902.

In June, 1907, \$960,000 additional stock was issued for purchase of the Northern Maine Seaport R. R. and the Schoodic Stream R. R., in part payment for building the Medford Extension, and to pay for permanent improvements, etc.

The State of Maine refunds 95% of all taxes levied.

In August, 1901, the directors authorized a consolidated mortgage for \$20,000,000, of which \$12,500,000 bonds were to be used or reserved to take up the outstanding bonds and the preferred stock; \$3,000,000 for improvements over a series of years, and the remaining \$4,500,000 for extensions when demanded by business conditions and subject to the authority of the Legislature, at the rate of \$25,000 per mile, including equipment. These bonds run for fifty years and bear 4% interest. There were outstanding of this issue June 30, 1909, \$6,458,000.

In November, 1901, the citizens of Aroostook County, Me., voted to sell to the company the County's holdings (\$728,000) of the preferred stock.

In November, 1904, charter was granted to the Northern Maine Seaport R. R. Co. for building a railroad from junction with this company's line at South La Grange to Belfast and, by spur, to Cape Jellison Harbor. This line from La Grange to Seaport at tide-water (54 miles) was opened late in 1905. The new line has been leased by the Bangor & Aroostook R. R. . On June 30, 1909, \$4,652,-

000 Northern Maine Seaport R. R. and Terminal 5% bonds, of an authorized issue of \$5,000,000 were outstanding, bearing the guarantee of the Bangor & Aroostook R. R.

On December 29, 1906, the Maine Railroad Commission granted the Bangor & Aroostook R. R. Co. authority to build a 145 mile branch, to be known as the Allagash Line, from Sebois Lake to St. Francis Plantation on the St. John River, this line practically to complete a direct line from the northwest boundary of Maine to the Atlantic seaboard.

Early in 1908 the Medford Extension (from South La Grange northward to junction with the main line near Sebois, 28 miles) was completed; and in March, 1907, \$998,000 Medford Extension 5% bonds due 1937 were sold. \$1,000,000 of these bonds (entire authorized issue) are now outstanding.

The Northern Ry. of Maine (owned and to be operated by the Bangor & Aroostook R. R.) had under construction during 1909 about 60 miles connecting Van Buren, Ft. Kent and St. Francis, the line to be completed in December. There were under construction in 1909 about 55 miles additional of extensions and cut-offs.

BOSTON & MAINE R. R.

Dividends are being paid at the rate of 6% per annum on the preferred stock, which is limited to 6%, and at the rate of 6% per annum on the common stock. Preferred stock dividends are paid in March and September and dividends on the common, quarterly, beginning January. From 1900 to the close of the fiscal year 1907-8, 7% was paid annually on the common stock. In October, 1908, the rate was reduced to 6%.

In 1906-7 the New York, New Haven & Hartford R. R. acquired \$10,994,800 (about 38%) of the stock of the Boston & Maine R. R. This stock was exchanged share for share for "New Haven" stock. It was contemplated to give all the stockholders of the Boston & Maine R. R. the opportunity to dispose of their stock on the same terms, but before the agreement to this end became effective, legislation was enacted by the Commonwealth of Massachusetts prohibiting any further acquisition of stock by the "New Haven" before July 1, 1908. These holdings acquired by the "New Haven" were transferred to John L. Billard, of Meriden, Conn. On June 18, 1909, Governor Draper, of Massachusetts, signed a bill providing for the incorporation of the Boston Railroad Holding Co. under the laws of Massachusetts, a majority of the officers and directors to be residents of that State, to take over the \$10,994,800 stock held by John L. Billard.

The Boston Railroad Holding Co., which was formed in the interest of the New York, New Haven & Hartford R. R., at a meeting on July 14, 1909, agreed to offer \$140 per share for the

\$10,994,800 of Boston & Maine R. R. stock purchased by John L. Billard from the New Haven road, payable 125% in the 50-year 4% bonds of the holding company, redeemable at 105. and 15% in its stock, all of the holding company's securities to be taken at par.

The holding company, in October, 1909, took over the \$10,994,800 Boston & Maine R. R. stock on the terms stated next above, issuing therefor \$13,743,500 of 4% bonds and \$1,649,200 of stock. In that month also the Boston Railroad Holding Co. asked permission to purchase \$1,575,500 additional Boston & Maine R. R. common stock at \$154 per share, payable \$125 in 4% bonds and \$29 in stock; also \$582,600 preferred stock at \$162 per share, payable \$125 in 4% bonds and \$37 in stock. This will make the Boston Holding Co.'s interest in Boston & Maine R. R. stocks, \$12,570,300 common and \$582,600 preferred. The company, it is stated, has contracted to acquire a majority of the outstanding stock of the Boston & Maine R. R.

The Boston & Maine R. R. holds among its treasury assets, \$1,293,668 Boston & Maine R. R. common stock, \$5,454,550 of the common stock of the Fitchburg R. R. and \$2,516,000 of the capital stock of the Maine Central R. R. The Fitchburg R. R. is leased. \$432,000 bonds of the St. Johnsbury & Lake Champlain R. R. are also owned by the Boston & Maine R. R.

There have been included in operating expenses the following amounts, appropriated under separate heading for new equipment:

Year 1901-2.....	\$563,239
Year 1902-3.....	170,370
Year 1903-4.....	350,988
Year 1904-5.....	807,782
Year 1905-6.....	1,076,427
Year 1906-7.....	741,669
Year 1907-8.....	863,795
Year 1908-9.....	940,992

A statement in the annual report of 1905-6 shows that the total increase in the amount of the company's dividend disbursements and fixed charge obligations during the six years, 1901 to 1906, was \$454,224, while within that same period, with an increase in operated mileage of only 23 miles, its gross receipts increased \$8,460,668. The report calls attention to the fact that the nine fundamental items of yearly maintenance and renewal expenditure (that is the larger items of maintenance expenditures included in operating expenses) increased during the six years named, from \$5,645,808 in 1900-1 to \$7,844,692 in 1905-6 or 39 per cent.

The company, on September 1, 1906, offered to stockholders, at \$165 per share, \$5,331,900 common stock, the majority of the proceeds to be used for the purchase of additional freight cars. The apportionment among the stockholders was to be one new share for each five shares of their concurrent holdings. In all only \$3,633,700 stock was subscribed for.

During the year 1906-7, \$10,819,044 bonds and certificates matured and were paid. To provide funds for the retirement of these, \$10,000,000 4% Twenty-year Refunding bonds, bearing date September 1, 1906, were issued, and sold at 101.2%. Of the obligations which matured, \$7,724,244 bore interest at 6%, \$2,000,000 at 5% and the balance at 4%. These refunding operations caused an annual saving beginning September 1, 1906, in bond interest and sinking fund payments, of \$267,246. \$113,500 Portland & Rochester R. R. Terminal 5s were paid off during 1907-8.

The stock and bond issuing laws of Massachusetts were in 1908 so amended that the Boston & Maine R. R.'s bond-issuing power was increased about \$12,000,000, a sum sufficient to extinguish the company's floating indebtedness, which amounted to \$11,350,000 and which was represented by notes and short term obligations. The stockholders on October 14, 1908, voted to authorize a bond issue not to exceed the above amount. Under such authority the company sold in January, 1909, \$11,700,000 4½% bonds dated April, 1909, and due April, 1929.

The bonds of the Boston & Maine R. R. Co., outstanding June 30, 1909, consisted of \$18,700,000 4½s, \$14,419,000 4s, \$3,500,000 3½s, and \$5,454,000 3s.

In 1908-9 Products of Mines contributed 26% of the total tonnage; and Products of Forests, 13½%.

Receipts from Outside Operations in 1908-9 were as follows:

	Revenue	Expense	Net Revenue
Street Railways	\$221,878	\$181,656	\$40,223
Steamboats	24,393	20,572	3,820
Grain Elevators	116,571	76,561	40,010
Miscellaneous			(loss) 639

Net Revenue from Outside Operations..... \$83,414

The stock outstanding on June 30, 1909, was owned by persons residing as follows:

In Massachusetts,	4,774 persons, owning.....	122,374 shares.
In New Hampshire,	1,151 " "	20,086 "
In Maine,	980 " "	17,997 "
Residing Elsewhere,	617 " "	142,471 "

The Boston & Maine R. R. guarantees \$1,328,000 First Mortgage 5% bonds of the St. Johnsbury & Lake Champlain R. R.

CENTRAL VERMONT RY.

\$2,185,100 of the \$3,000,000 stock and \$1,583,300 First Mortgage 4% bonds of the Central Vermont Ry. were on June 30, 1909, owned by the Grand Trunk Ry. of Canada. Under a traffic contract the Grand Trunk Ry. agrees to make good any deficiency in earnings to meet interest on the \$11,000,000 4% bonds up to 30% of the Grand Trunk's receipts from traffic interchanged.

Reference to the table of statistics will show the striking feature of the operating expenses is that Traffic, Transportation and General Expenses absorb a very large proportion of the gross income from operation.

The annual reports state that the cost of all additions and improvements to the property, amounting to \$133,170 in 1903-4, \$203,074 in 1904-5, \$341,947 in 1905-6, \$200,962 in 1906-7, \$126,113 in 1907-8, and to \$30,275 in 1908-9 has been included in operating expenses. The total amount of such extraordinary expenditures so included in operating expenses from May 1, 1899, to June 30, 1909, was \$2,097,533.

\$500,000 First Mortgage bonds are held in reserve for improvements.

As of June 30, 1909, main track contained:

170 miles of 80-pound steel,	54 miles of 72-pound steel,
118 miles of 75-pound steel,	201 miles of 56-pound steel.

Notes Payable June 30, 1909, \$535,000.

The Central Vermont Ry. is to build and operate a line of steamships between its New London Terminal and New York City. This line has been incorporated as the Central Vermont Transportation Co. with a capital of \$200,000, and with a bonded debt of \$300,000 5% bonds guaranteed principal and interest by the Central Vermont Ry. These bonds mature, \$25,000 annually from Nov. 1909 to Nov. 1921, inclusive. The two steamships contracted for are to cost over \$400,000. The Central Vermont Ry. previously shipped its freight tonnage by steamships owned by the New York, New Haven & Hartford R. R.

MAINE CENTRAL R. R.

In October, 1907, a quarterly dividend of 2% was declared, thus placing the stock on an 8% basis. From 1903-4 to 1906-7 inclusive, 7% per annum was paid. Prior to 1903-4, 6% per annum was paid.

A majority (\$2,516,000) of the capital stock of this road is owned by the Boston & Maine R. R.

In January, 1904, the stockholders voted to acquire the \$2,500,000 stock and guarantee an issue of \$2,500,000 3½% bonds of the Washington County Ry. (successor to the Washington County R. R., 139 miles). This road is operated separately. See under Washington County Ry. for earnings of that company. \$223,000 of the

Washington County Ry. bonds are owned by the Maine Central R. R.

The following amounts have been included in operating expenses, appropriated under a separate heading for new equipment:

Year 1901-2.....	\$637,796
Year 1902-3.....	641,920
Year 1903-4.....	740,237
Year 1904-5.....	191,764
Year 1905-6.....	828,027
Year 1906-7.....	514,643
Year 1907-8.....	342,764
Year 1908-9.....	325,158

In addition to above amounts considerable sums have annually been appropriated from surplus earnings for construction of passenger stations, terminals and for miscellaneous extraordinary expenditures.

In March, 1907, the Maine Central R. R. acquired at a cost of \$617,500 about 88% of the capital stock of the Somerset Ry., which extends from Oakland, Me., to Kineo, Me., about 94 miles. This road is being operated independently. The Maine Central R. R.'s holdings in this stock have been increased to about 96% of the total amount outstanding. The Maine Central R. R. guarantees \$1,500,000 5% notes due 1911, issued by the Somerset Ry.

On May 1, 1907, the Portland & Rumford Falls R. R. was taken over under a 999-year lease. The Portland & Rumford Falls R. R. is the lessee of the Portland & Rumford Falls Ry. and the Rumford Falls & Rangeley Lakes R. R., together operating 100 miles of road.

In May, 1908, \$2,119,000 Portland & Ogdensburg R. R. 20-year guaranteed 4½% bonds, dated November 2, 1908, were sold to refund \$1,319,000 5% bonds and \$800,000 3½% bonds of that company which matured November 1, 1908.

On April 1, 1912, bonds bearing the following rates of interest will mature: \$3,924,000 7%; \$269,500 5%; \$1,525,000 4½%; and \$3,265,500 4%.

In May, 1909, the Maine Central R. R. sold \$2,000,000 4% Coupon Notes due May, 1914. The proceeds derived from the sale of these notes were used to liquidate the company's floating debt and to pay for new equipment and for permanent additions.

NEW YORK, NEW HAVEN & HARTFORD R. R.

The stock of this company is receiving quarterly dividends in March, June, September and December, at the rate of 8% per annum. Dividends have been paid on the stock of this company without interruption since 1873 and the annual rate has ranged from 8% to 10%.

ISSUES OF CAPITAL STOCK DURING RECENT YEARS.

\$16,352,800 capital stock was issued on April 1, 1903, of which \$16,211,900 stock was used to retire a like amount of Convertible 4% Debenture Certificates at par.

\$6,753,200 stock of an issue authorized May 15, 1903, was sold at \$175 per share, the same being issued in full in January, 1904. \$3,500,000 matured notes and 4% bonds were paid off with part of the proceeds and the balance was used to pay for equipment, etc. The total increase in capital stock from July 1, 1902, to May, 1906, was \$25,314,600, this including the above amounts and \$2,350,700 issued mostly to acquire stocks and bonds of leased lines. This made the total amount of stock outstanding \$80,000,000. The capital stock was further increased by the amount of \$3,357,100 before the close of the fiscal year 1905-6, the increased stock having been sold for \$6,448,029 cash.

The stock was further increased in 1906-7 to \$97,080,400, not including \$24,797,700 issued to and held by subsidiary companies, the capital stocks of which were all owned by the New Haven. \$8,512,000 of the new stock was exchanged for Consolidated Ry. Co. (see below) 4% debentures at the rate of \$100 in stock for \$200 in debentures. A portion of the balance was issued share for share in exchange for stock of the Boston & Maine R. R. (see that company). The subsidiary companies were merged with the New Haven in 1907-8 and the New Haven stock owned by them was thus transferred to the latter's treasury. A small portion of this stock was sold so that the amount in the hands of the public June 30, 1909, was \$100,000,000, and \$21,878,100 additional stock was held in the treasury.

On October 27, 1909, stockholders and convertible debenture holders of record November 8, 1909, were offered the right to subscribe at \$125 per share on or before December 20, 1909, for \$50,000,000 additional stock. Stockholders (including the New Haven Co. as owner of \$21,878,100 stock) were allowed to subscribe pro rata for 25% of their respective holdings. Holders of 3½% Convertible Debentures and 6% Convertible Debentures were allowed to subscribe to 16⅔% and 25% respectively of their holdings. Subscriptions were declared payable in four installments, December 20, 1909, June 20, 1910, December 20, 1910 and June 20, 1911, part paid shares to receive the regular rate of dividend on installments paid in.

ISSUES OF BONDS AND DEBENTURES SINCE 1903.

The New Haven's balance sheet as of June 30, 1903, showed non-convertible debentures outstanding to the amount of \$10,000,000 (\$5,000,000 3½s and \$5,000,000 4s). Bonds, the majority of which were those of the Housatonic R. R., to the extent of \$4,364,000 were likewise outstanding, making the total of bonds and debentures outstanding \$14,364,000. During 1903-4 the funded debt was increased to \$34,305,700, the principal issue being \$9,666,700 3½%

debentures, which were issued to acquire the capital stock of the Fair Haven & Westville R. R., controlling the street railway system about the City of New Haven, Conn. (afterwards transferred to the Connecticut Co.). \$5,000,000 bonds of an authorized issue of \$15,000,000 (all now outstanding) 50-year 4% bonds secured by mortgage on the Harlem River & Portchester R. R. were also issued, as were \$5,000,000 debenture 4s, due 1914, the latter to pay for the controlling stock of the Central New England Ry. The next important issues were brought out in 1905 and 1906 when the following bonds were sold:

Debentures, 3½%, convertible into stock at 150, 1911 to 1915 inclusive	*\$15,000,425
Debentures, (non-convertible) 4%, due 1955.....	15,000,000
Debentures, (non-convertible) 4%, due 1956.....	15,000,000
Harlem & Portchester 4% bonds.....	3,093,000

\$48,093,425

*\$9,811,800 paid to June 30, 1906.

The proceeds from these securities were mostly used to retire the floating debt, to retire the stocks of various roads merged, to purchase the securities of subsidiary lines and to reimburse the company for cost of purchase of controlling interest in the stock of New York, Ontario & Western Ry. (\$29,160,000 common stock and \$2,200 preferred, a majority of each class). The cost of the purchase was \$13,108,398. Short term notes had previously been issued to meet the cost and these were retired by sale of the debentures due 1955. The above named and a few small issues made the total amount of bonds and debentures outstanding June 30, 1906, \$90,358,725. In addition to this amount the balance sheet of June 30, 1906, showed "Bonded Debt of Constituent Companies, \$22,185,000."

During 1906-7 the funded debt issued or assumed by the New Haven as shown by the balance sheet of June 30, 1907, was virtually doubled. 3½% convertible debentures were increased to about \$30,000,000, debenture notes maturing 1908 to 1912 to the amount of about \$22,000,000, and a 4%, 15-year debenture loan amounting to \$27,985,000 (floated in France) was also issued. Bonded debt was increased \$12,296,000, representing for the most part bonds assumed by the New Haven upon the merging of certain roads. The bonds outstanding of subsidiary companies increased slightly, while debentures of subsidiary companies to the extent of \$24,173,000 were issued. These consisted principally of Providence Securities Co. 4% debentures due 1957. \$19,898,000 of these debentures were sold and the proceeds used to purchase the stock of the Rhode Island Co. (see below). In the balance sheets of years later than 1906-7 these bonds and debentures of subsidiary companies (in case the companies mentioned were not merged), have been carried as Contingent

Liabilities, where guaranteed by the New Haven; otherwise they have not been shown in the New Haven's balance sheet.

From July 1, 1907, to June 30, 1909, debentures and bonds, including those assumed of merged companies, increased from \$179,304,400 to \$234,859,875. The principal changes were as follows:	
Debentures, 6% Convertible into stock at par after January 15, 1923, (issued for improvements, etc.).....	\$37,598,750
New England R. R. Consolidated Mtg. 4% Bonds, due 1945 (\$10,000,000), and Consolidated 5% Bonds, due 1945 (\$7,500,000) (company being merged and bonds assumed by New Haven),.....	17,500,000
N. Y., N. H. & H. R. R. Harlem River & Portchester 4% Bonds	4,042,000
Other increases, including debentures (approx.), \$1,200,000, Providence Terminal Co. 4s, \$1,124,000, Boston & New York Air Line 4s, \$3,102,000, etc....	6,294,125
	\$65,434,875
Less Debentures Matured (approx.).....	9,877,400
Total Increase	\$55,557,475

INCREASE IN CAPITALIZATION, 1903 TO 1909.

	June 30, 1903.	June 30, 1909.	Increase.
Stock Outstanding	\$70,897,300	*\$100,000,000	\$29,102,700
Bonds and Debentures, including those of Cos. merged	14,549,000	234,898,875	220,339,875
*Stock to be further increased to \$150,000,000 (see above).			

With the proceeds of various issues of stock, bonds and debentures, a vast amount of improvement work has been completed. This includes the electrification of the road from New York to Stamford, elimination of numerous grade crossings (134, July 1, 1905, to June 30, 1909), reconstruction of numerous bridges, construction of costly viaducts, freight yards, better terminal facilities, etc. Equipment (rolling stock) has increased as follows:

	June 30, 1903.			June 30, 1909.			In-crease
	Owned by Co.	Acquired by Lease	Total	Owned by Co.	Acquired by Lease	Total	
Locomotives..	549	434	983	1,060	150	1,228	245
Pass. Cars...1,127		795	1,922	1,917	520	2,437	515
Freight Cars.8,784		4,984	13,768	33,421	763	34,184	20,416
Service Cars. 399		188	587	1,151	62	1,213	626

Marine equipment has also increased to a considerable extent. The New Haven has further secured control of the New York, Ontario

& Western Ry. (as stated above) operating 543 miles; this control secures to the New Haven a direct route to important anthracite coal mines and control of certain mines. Control has also been secured of the Central New England Ry. with which is merged the Newburg, Dutchess & Connecticut Ry., Dutchess County R. R., Poughkeepsie Bridge R. R. and Poughkeepsie & Eastern R. R. (293 miles). Of the \$8,550,000 preferred and common stock of the Central New England Ry. the New York, New Haven & Hartford R. R. owns all but \$724,229, and of the \$12,320,500 bonds (including bonds of above companies merged) the Railroad owns \$9,989,123. The first payment of interest on the Central New England Ry. General Mortgage Income Bonds (\$7,250,000) was made during 1908-9. The payment was at the rate of 4% per annum. The bonds are entitled to 5% per annum. In August, 1909, application was denied to the company to issue \$12,910,000, 50-year 4% bonds under a new mortgage. Gross earnings of the Central New England Ry. for the year ending June 30, 1909, were \$2,530,213. Net earnings were \$931,030 and there was a surplus after all charges (including 4% interest on income bonds) of \$120,065.

Additional acquisitions included a large block of stock of Boston & Maine R. R., which was afterwards disposed of by order of Court, but which is now indirectly controlled by the New Haven through the latter's control of the Boston R. R. Holding Co. (see Boston & Maine R. R. for full details).

STEAMSHIP LINES ACQUIRED.

The paragraphs next below will explain to a large extent the acquisition of the various large steamship lines, mostly secured since 1903 and which gives the New Haven practically the control of the coastwise trade of the New England States.

The New York, New Haven & Hartford R. R. for several years to May, 1907, owned all the capital stock of the New England Navigation Co. On November 13, 1905 the latter company acquired by purchase all the property of the Old Colony Steamboat Co. During the year 1904-5 the various water lines acquired by the N. Y., N. H. & H. R. R. had been consolidated and merged into the New England Navigation Co. and Old Colony Steamboat Co. The gross earnings of these water lines (the New England Navigation Co.) in 1908-9 were \$4,944,826, and the surplus \$696,826. On May 31, 1907, the Consolidated Ry. (see below) purchased the property of the New England Navigation Co., the capital stock of the Consolidated Ry. having then been increased from \$10,000,000 to \$30,000,000. The New York, New Haven & Hartford R. R., as owner of all this stock of the Consolidated Ry., exchanged the same for its own stock to equal par value, which stock, going into the treasury of the Railroad, became available for general purposes. In July, 1907, the New England Navigation Co. placed in commission two new steamers valued at about \$3,500,000.

In October, 1906, control was acquired of the Hartford & New York Transportation Co.; in January, 1907, control of the Maine Steamship Co. was acquired; and in March, 1907, one-half of the stock of the Merchants' and Miners' Transportation Co. was acquired. The last mentioned company owns the Boston & Philadelphia Steamship Co., having acquired its entire capital stock from the New England Navigation Co., which in turn had purchased the stock early in 1907. The Hartford & New York Transportation Co. earned in 1908-9, gross \$1,087,106, and surplus \$279,474.

All steamship lines have since June 1, 1907, been operated by the New England Steamship Co., the capital stock of which is all owned by the New Haven.

TRACTION LINES ACQUIRED.

During recent years the New Haven has been making large purchases of traction lines, of lighting and water companies, etc. The company's operations in this field have been confined mainly to the three states of Connecticut, Rhode Island and Massachusetts. In 1904-5 the securities representing control of these companies were transferred to the Consolidated Ry. Co., the capital stock of which was all owned by the New Haven. The mileage of traction lines at that time totaled about 750 miles. The Consolidated Ry. later acquired the property of the New England Navigation Co., and was then merged with the New Haven (see above.) Owing to opposition on the part of the State of Massachusetts to the ownership on the part of the Consolidated Ry. (New Haven), of traction lines, etc., operating within that state, all of the holdings of the Consolidated Ry. in Massachusetts were disposed of to a voluntary association known as the New England Investment Security Co. which was, however, until February, 1909, controlled by the New Haven. At that time President Mellen of the New Haven wrote to the clerk of the Massachusetts Railroad Commission, as follows: "This company is no longer directly or indirectly concerned in the control of any street railways in Massachusetts." This action was taken in compliance with a final decree handed down by the Court that the New Haven must divest itself of all holdings in street railways in Massachusetts by July 1, 1909.

During 1906 and 1907 and prior to the merger with the New Haven, the Consolidated Ry. made further important acquisitions, including the purchase of the Connecticut Ry. & Lighting Co. and the Rhode Island Securities Co. The Connecticut Ry. & Lighting Co. operated 193 miles of urban and interurban electric lines, and numerous city gas and electric lighting plants, all located in Connecticut. This company's properties were acquired by lease for 999 years at a varying rental from

August 1st, 1906, to August 1st, 1914, and at a fixed rental thereafter. At the same time purchases were made of the stock of The Meriden, Southington & Compounce Tramway Co., of The New Milford Power Co. and of the Housatonic Power Co.

The Rhode Island Securities Co. was the sole owner of the stock of the Rhode Island Co., controlling through leases 295 miles of electric railways situated in the cities of Providence and Pawtucket and adjacent territory in the State of Rhode Island.

The purchase of the stock of The Rhode Island Securities Co. was made with an issue of 4% 50-year debentures dated May 1st, 1907, to the amount of \$19,911,000, of The Providence Securities Co. (a company whose capital stock was owned wholly by the New Haven), and the New Haven, in consideration of such ownership, guaranteed said issue of debentures as to principal and interest.

The Rhode Island Securities Co., was dissolved and the name changed to Providence Securities Co. The Rhode Island Co., as the operating company, earned for the year 1908-9 gross, \$4,160,785; net, \$1,846,831; other income, \$32,173; charges, \$1,409,797; surplus \$469,207. Miles of road operated, 308.

Since the merger of the Consolidated Ry., the street railways and other properties (not including steamship lines operated as the New England Steamship Co.), operating within the State of Connecticut, have been operated under conditions similar to the Rhode Island Co. For the year ending June 30, 1909, the earnings of the Connecticut Co. were: gross, \$7,988,832; net, \$3,683,228; taxes, etc., \$38,913; net income, \$3,644,315. In 1907-8 the gross earnings of the Connecticut Co. were \$7,290,940 and the net earnings were \$2,745,758. On June 30, 1909, 770 miles were operated against 640 miles, June 30, 1908.

In 1907-8 control of the New York, Westchester & Boston R. R. and the New York & Portchester R. R., electric roads projected between 177th Street, New York, and Mt. Vernon, N. Y., etc., was acquired for \$11,762,482.

BOSTON & MAINE OWNERSHIP.

Full details of the New Haven's ownership of Boston & Maine R. R. stock will be found under heading of latter company.

CURRENT ASSETS AND LIABILITIES.

The general balance sheet of June 30, 1909, showed Current Assets, \$53,226,753, and Current Liabilities, \$18,296,994. Excess of Current Assets (not including \$3,406,911 material, fuel and supplies), was \$34,929,759.

THE EARNING POWER

RUTLAND R. R.

In July, 1903, dividends were suspended that all surplus earnings might be applied to improvements. Dividends were resumed in 1906 by the payment of 1½% in January. An equal dividend was paid in January, 1907, and in January, 1908; since 1908 no dividend has been paid.

The accumulated dividends on the preferred stock were said to aggregate 179% to January, 1909.

In January, 1903, it was announced officially that the control of this road had passed to the New York Central & Hudson River R. R., the latter having acquired preferred stock to the amount of \$4,694,100.

Practically all of the common stock has been exchanged for preferred on the basis of ten shares of common for one share of preferred.

On December 31, 1908, the balance sheet showed notes payable \$363,819.

In November, 1901, the right was given to the shareholders to subscribe for new preferred stock to the amount of \$3,578,400, at \$90 per share, the proceeds to be used to pay the floating debt and to pay for improvements and for extensions. Of the proceeds of this sale, \$565,000 was credited to a special improvement fund. There had been expended in excess of this amount to June 30, 1904, \$217,101. From the surplus of 1903-4, \$103,043 was appropriated to meet the cost of this improvement work. The annual report for 1905 stated that there was expended for improvements to roadway and structures and charged to expenses during the year the sum of \$77,717. The amount of such expenditures in 1906 was not stated in the report for 1906. Included in operating expenses during 1907 were \$125,666 extraordinary expenditures, and in 1908, \$55,605.

In 1908, Products of Mines contributed 31% of the freight carried by this company against 30% in 1907, and Forest Products contributed 26% against 24% the previous year.

ST. JOHNSBURY & LAKE CHAMPLAIN R. R.

The majority of the stock of this road is owned by the Boston & Lowell R. R., which company is leased to the Boston & Maine R. R. No dividends are being paid.

The Boston & Maine R. R. guarantees the interest on \$1,328,000 of the \$2,500,000 First Mortgage 5% bonds outstanding. The remaining \$1,172,000 bonds are held by the Boston & Lowell R. R. and the Boston & Maine R. R., and the interest on these bonds has never been paid.

Notes payable June 30, 1909, \$475,062.

The debit balance to Profit and Loss on June 30, 1909, amounted to \$1,839,758.

SOMERSET RY.

In December, 1906, the extension from Bingham, Me., to Birch Point on Moosehead Lake (54 miles), was completed and put in operation.

In March, 1907, the Maine Central R. R. purchased 6,500 shares (88% of total outstanding) of the stock of the Somerset Ry. Later the latter's holding of stock were increased to 7,055 shares or 96% of total stock outstanding. The Somerset Ry. is being operated separately.

Of the bonds outstanding \$864,000 are First Mortgage and Refunding 4% bonds. In May, 1907, an issue of \$1,500,000 4-year 5% notes, guaranteed principal and interest by the Maine Central R. R., was authorized. These notes were outstanding on June 30, 1909. They are due June 1, 1911. The floating indebtedness of the company, amounting on June 30, 1906, to \$657,481, was paid off in 1906-7 by the proceeds derived from the sale of First Mortgage and Refunding Bonds.

WASHINGTON COUNTY RY.

The entire issue (\$2,500,000) of capital stock of this company is owned by the Maine Central R. R.

All of the company's bonds (\$2,500,000 3½% due 1954) are guaranteed principal and interest by the Maine Central R. R., which company owns \$223,000 of the bonds.

No dividends are being paid on the stock.

The taxes paid by this company amount to only about one-half of one per cent. of the total gross earnings.

BALTIMORE & OHIO R. R.

The preferred stock is limited to non-cumulative dividends at the rate of 4% per annum. The preferred and common stocks are receiving 4% and 6%, respectively, per annum, the dividends being payable in March and September. Prior to September, 1906, the dividend on the common stock had been at the rate of 5% per annum, and prior to September, 1905, at the rate of 4%.

On December 31, 1909, the Oregon Short Line R. R. (Union Pacific System) owned \$7,206,400 preferred stock and \$32,334,200 common stock of the Baltimore & Ohio R. R., this stock having been purchased from the Pennsylvania R. R. in September, 1906 at 92½ for the preferred and 120 for the common. The Pennsylvania R. R. retained a large stock interest in the Baltimore & Ohio R. R.; on December 31, 1908, the Pennsylvania Lines owned preferred and common stock as follows:

THE EARNING POWER

	Preferred.	Common.
Pennsylvania R. R.....	\$14,273,600	\$ 5,725,000
Pennsylvania Co.	5,000,000	13,451,200
Philadelphia, Baltimore & Washington R. R.....	1,000,000	1,048,700
Northern Central Ry.....	1,000,000	1,048,700
Total	\$21,273,600	\$21,273,600

On June 30, 1909, the Baltimore & Ohio R. R. owned \$6,065,000 first preferred, \$14,265,000 second preferred, and \$10,002,500 common stock of the Reading Co. In 1909, the Lake Shore & Michigan Southern Ry. held in its treasury a like amount of each of the above Reading Co. securities. On June 30, 1904, the Baltimore & Ohio R. R. held \$3,950,000 additional Reading Co. common stock, but this amount was sold during the year 1904-5.

The Baltimore & Ohio R. R. controls, through ownership of all, or nearly all their capital stock, the Cleveland Terminal and Valley R. R., the Cleveland, Lorain & Wheeling Ry., the Ohio & Little Kanawha R. R., and other lines, altogether comprising 456 miles of road, the gross earnings of which lines were for 1908-9, \$5,369,337, and the net earnings, \$1,757,333. The earnings of these lines were reported separately. In 1907-8 about \$3,000,000 stock of the Cleveland, Lorain & Wheeling Ry. (\$1,212,700 common and \$1,718,300 preferred) was purchased, securing to the B. & O. R. R. the ownership of the entire capital stock of this company. The Cleveland, Lorain & Wheeling operated 194 miles of road in 1908-9 and earned gross, \$3,374,023; net, \$1,331,299, and a surplus in excess of \$700,000. Earnings of this road for previous years may be found in the 1909 edition of this publication.

In the income account for 1902-3 the earnings and expenses of the following lines were included: Ohio River R. R., West Virginia Short Line, Pittsburg & Western Lines (P. & W., P. C. & T. and P. P. & F.), and the Pittsburg Junction R. R. The earnings of these lines were reported separately for 1901-2. Thus the large increase in the mileage operated in 1902-3 is explained.

The amounts appropriated from surplus earnings for additions and improvements in the last ten years have been as follows:

Year 1899-0.....	\$2,540,230	Year 1904-5.....	\$2,979,454
Year 1900-1.....	2,740,932	Year 1905-6.....	4,066,038
Year 1901-2.....	2,765,194	Year 1906-7.....	4,090,981
Year 1902-3.....	4,073,000	Year 1907-8.....	265,950
Year 1903-4.....	2,408,650	Year 1908-9.....	546,048

In 1901	Common Stock	was sold at par	....	\$22,537,200
In 1902	"	"	"	42,316,860
In 1906	"	"	"	27,750,000

On June 30, 1909, Current Assets, not including \$4,958,972 Materials on hand, exceeded Current Liabilities by \$39,648,590. The Current Assets included over \$17,000,000 advanced by the Baltimore & Ohio R. R. in the redemption and acquisition of the bonds of the Chicago Terminal Transfer R. R.; this advance was made for the purpose of protecting the company's occupancy of its passenger terminus in Chicago, pending a judicial determination of the rights of the parties in interest. The Baltimore & Ohio R. R., in 1906-7, took an option on a large block of preferred stock of the Chicago Terminal Transfer R. R. at \$25 per share, but this option expired on December 31, 1907. The purchase was made in January, 1909, at \$20 per share. On June 30, 1909, the Baltimore & Ohio R. R. owned \$8,508,100 preferred stock, and in October, 1909, it was reported that full stock control had been acquired by purchase of additional preferred and common stock from the Chicago, Burlington & Quincy R. R. See Notes, Chicago Terminal Transfer R. R.

Negotiations pending during 1908-9 were concluded and made effective July 1, 1909, whereby the Baltimore & Ohio R. R. will acquire, at the expiration of seven years, at a price then to be agreed upon or determined by arbitration, the controlling stock of the Cincinnati, Hamilton & Dayton Ry. Co. In this connection a plan was effected for adjustment of future interest charges and the payment or adjustment of the floating debt of the Cincinnati, Hamilton & Dayton Ry. Co., and providing approximately \$7,000,000 for improvements and working capital. Under this plan the Baltimore & Ohio R. R. guarantees \$12,500,000 of the Cincinnati, Hamilton & Dayton Ry. Co.'s First and Refunding Mortgage 4% 50-year bonds, dated July 1, 1909, and \$11,557,000 of that Company's 4% notes, due July 1, 1913, secured by a deposit of \$13,000,000 of the First and Refunding bonds. Also, upon the acquisition under the agreement of the stock of the Cincinnati, Hamilton & Dayton Ry. Co., the Baltimore & Ohio R. R. is obligated either to purchase at 85 or

guarantee \$20,000,000 of that Company's General Mortgage bonds, due July 1, 1939. See under Cincinnati, Hamilton & Dayton Ry.

In February, 1909, the company sold \$13,100,000 Pittsburgh, Lake Erie & West Virginia system Refunding 4s, mostly bonds previously held in the treasury. The proceeds were used to pay off \$11,600,000 Loans and Bills Payable, largely in the form of one-year notes, \$3,600,000 of these Notes had been issued to purchase \$3,000,000 Cleveland, Lorain & Wheeling Ry. stock (see above).

The Baltimore & Ohio R. R. owned as of June 30, 1909, \$1,038,750 of the \$1,050,000 stock of the Staten Island Ry. This road, the income account of which in previous years was included in this book under separate heading, earned for the year ending June 30, 1909, \$225,067 against \$221,353 for the previous year. The net earnings were \$13,863. Outside operations produced \$17,345 additional revenue. The company as in the preceding year did not quite earn its charges. 13 miles of road were operated.

In 1903 a one-sixth interest in \$6,924,200 of the \$11,000,000 Hocking Valley Ry. common stock was acquired.

Of the total tonnage carried in 1908-9 bituminous coal contributed about 43.5% against 44% in 1907-8, 39% in 1906-7, 40% in 1905-6, 43% in 1904-5, 43% in 1903-4, and 39% in 1902-3. \$10,000,000 one-year 4% notes were sold in March, 1910.

BUFFALO & SUSQUEHANNA RY.

The Buffalo & Susquehanna Ry. is an "operating company," and as such directly operates all the railroad properties comprising what is commonly known as "the Buffalo & Susquehanna Ry. System," the larger part of the mileage being owned by the Buffalo & Susquehanna R. R. The properties of the latter company were leased to the Railway for a term of 999 years from June 29, 1907.

The mileage of the Buffalo & Susquehanna Ry. further includes a line of railroad from Wellsville, N. Y., to Buffalo, N. Y. (87 miles) completed in 1906-7. The Buffalo & Susquehanna Ry. System comprises 362 miles.

The common stock of the Buffalo & Susquehanna Ry. has received no dividends.

According to the terms of the lease, interest is guaranteed on the bonds of the Buffalo & Susquehanna R. R. The preferred stock of the Railroad Co. is guaranteed dividends at the rate of 4% per annum, payable quarterly, beginning March. The common stock of the Railroad Co. is guaranteed dividends at the rate of 4% per annum, payable July 1. The entire issue of common stock is owned by the Buffalo & Susquehanna Ry. (lessee), and is deposited

as part security for First Mortgage 50-year 4½% bonds of the latter company.

In 1902, \$4,000,000 of preferred stock of the Railroad Co. was authorized and \$3,000,000 sold, the proceeds to be used to pay for bituminous coal properties, construction of new lines and for general purposes. In 1905-6 the remaining \$1,000,000 preferred stock was sold. Large tracts of bituminous coal lands in Clearfield and Jefferson counties, Pennsylvania, have been acquired. An extension to these coal lands, the Susquehanna & Southern R. R. (70 miles), was merged on July 1, 1905, and an extension from Wellsville to Buffalo, 87 miles, was completed by the Buffalo & Susquehanna Ry. Co. during the year 1906-7, as above stated.

At the beginning of the fiscal year 1905-6 the Buffalo & Susquehanna Coal & Coke Co. and the Powhatan Coal & Coke Co., both owned by the Railroad Company, owned and controlled and held under options with intention to purchase, lands conservatively estimated to contain about 114,000,000 tons of bituminous coal. Excepting \$2,200,000 Second Mortgage bonds of the former company the entire capital stock and other obligations, aside from current bills, of these coal companies are owned and held by the Railroad Co. and leased to the Railway Co.

In 1901, a mortgage was made securing the First Mortgage 4% bonds, dated April 1, 1901. This mortgage provided for the retirement of the 5% bonds, of which but \$61,500 were outstanding June 30, 1909.

The directors have estimated that after the extension to Buffalo was completed the net surplus of the System, after meeting the interest on the bonds and the guaranteed dividends on the preferred stock of the Railroad Company, and the interest on the 4½% bonds of the Railway Company, would be not less than \$275,000 per annum and would steadily increase to not less than \$775,000 per annum. In referring to the completed system, the president, in his report for 1906-7, said:

"In the large undertakings in which the Company has been engaged since 1901, as may be expected, there have been some delays and disappointments which were not anticipated; however, it is gratifying to know that the completed line is substantially constructed, that its equipment is of the most modern type, and that, through the ownership of the capital stock of coal companies, this enterprise is provided with a large and profitable traffic.

"Although there still remains important work to do in the way of procuring more equipment for the rapidly increasing traffic and in the reduction of grades, and elimination of curvatures on part of the old line, the Railway Co. is now in a position to derive revenue from practically its entire investment. Under these conditions it should not be long before the expectations in regard to the

financial results which have been forecasted in previous reports should be fully realized."

In the report for 1907-8 the president said:

"On the whole the results from the operation of your properties during the fiscal year have not been as satisfactory as could be wished, or as were anticipated. This, however, is accounted for almost entirely by the severe depression in business which has been manifest to a greater or lesser degree throughout the whole country, and was felt with exceptional severity in those industries which contribute the larger part of the traffic moving over our lines. Furthermore, it is to be borne in mind that the properties of this Company and its subsidiary companies are almost in their infancy and, therefore, necessarily a little time is required to develop the traffic, to discover and rectify discrepancies in facilities, and to build up and train a large addition to the force of employees.

"On the other hand it is gratifying to note that since the close of the fiscal year the lumber, coal and coke traffic have been unusually prompt in responding to indications of early and material resumption in business enterprises generally. At this writing (November 17, 1908) these classes of traffic are nearly up to normal with indications of continued improvement. In this connection it is worthy of comment that during this fiscal year the bituminous coal and coke traffic on our line was 1,234,751 tons, yielding gross revenue of \$975,601, whereas the producing capacity of such plants located on our lines is more than 3,000,000 tons per annum."

As of June 30, 1908, main track owned and leased contained:

7 miles of 85-pound rail,	8 miles of 67 and 65-pound rail,
309 miles of 80-pound rail,	21 miles of 60-pound rail.
5 miles of 70-pound rail,	

For the fiscal year ending June 30, 1909, the following statement of earnings and expenses has been published. (Total mileage operated 362.)

Gross Earnings	\$2,298,977
Operating Expenses	1,959,755
Net Earnings	339,222
Taxes	49,092
Operating Income	290,130
Other Income	270,335
Total Income	560,465

OPERATING EXPENSES.

Maintenance of Way	\$399,693
Maintenance of Equipment	548,668
Traffic Expenses	28,733
Transportation Expenses	894,832
General Expenses	87,828

BUFFALO, ROCHESTER & PITTSBURGH RY.

The preferred stock is entitled to non-cumulative dividends of 6% per annum. After the common stock has received 6% the two issues share pro rata.

The following dividends have been paid annually since 1904:

	1904 to 1906	1907	1908	1909
Preferred	6%	6%	6%	6%
Common	6%	5½%	4½%	4%

The dividends are paid semi-annually, February and August. See below regarding dividends paid upon the stock of the Mahoning Investment Co.

For a number of years the treasury assets included all except directors' shares of the Rochester & Pittsburgh Coal & Iron Co.'s stock (capital \$4,000,000). This company purchased in 1902-3 the Consolidated Coal & Iron Co and the Indiana County Coal Co., issuing in payment therefor \$2,000,000 4½% sinking fund bonds due 1932.

The following dividends from surplus earnings of the Coal Co. were paid to the Railway Co. and credited to the latter's Profit and Loss account:

1902-3.....	\$600,000	15%
1903-4.....	320,000	8%
1904-5.....	120,000	3%

In 1905-6 no dividends were paid as the business of the company was seriously affected by the miners' strike.

At the annual meeting held on November 19, 1906, the Directors were authorized to sell the 39,995 shares of the Rochester & Pittsburgh Coal & Iron Co.'s stock owned by the Buffalo, Rochester & Pittsburgh Ry. Pursuant to this authority, the Directors sold and transferred, on December 13, 1906, these 39,995 shares to the Mahoning Investment Co., a corporation of the State of Maine, with a capital of \$4,200,000, divided into 42,000 shares of \$100 each. Through this sale, the company has transferred to the Mahoning Investment Co all its right, title and interest in and to the 39,995 shares of the stock of the Rochester & Pittsburgh Coal & Iron Co., and also any and all rights to dividends hereafter accruing thereon, as well as the voting power, subject, however, to the trust agreement of April 21, 1890, and to the mortgage dated September 1, 1887.

The company received from the Mahoning Investment Co. its full-paid capital stock to the amount, at par, of \$4,125,000, being the consideration for said sale, and distributed the same on December 27, 1906, among the holders of the preferred and common stock of the Buffalo, Rochester & Pittsburgh Ry., in the proportion of 25% of the respective holdings of each stockholder of record on December 20, 1906.

In August, 1907, the Mahoning Investment Co. paid a dividend of 2% on its stock. In March, 1908, and in August, 1908, 2% each was paid. In March, 1909, the dividend was passed. Net earnings for this company for the fiscal year 1907-8 were \$169,148.

The earnings of the Rochester & Pittsburgh Coal & Iron Co. have been reported as follows:

Year 1905-6, (after deducting for \$120,000 bonds paid)....	\$96,043
Year 1906-7, (" " " 125,333 " ")....	129,247
Year 1907-8, (" " " 120,333 " ")....	598,872

Appropriations from surplus earnings for improvements, construction and equipment, have been made as follows:

Year 1899-0.....	\$446,977
Year 1900-1.....	530,134
Year 1901-2.....	583,562
Year 1902-3.....	950,749
Year 1903-4.....	497,389
Year 1904-5.....	413,516
Year 1905-6.....	394,142
Year 1906-7.....	308,748

No special appropriations were made during 1907-8 and 1908-9.

In November, 1904, the authorized issue of common stock was increased from \$9,000,000 to \$12,000,000.

To July 1, 1909, \$3,500,000 common stock had been sold to stockholders at par and the greater part of the proceeds used to pay for the construction of 63 miles of road (the Indiana branch).

On May 1, 1907, a new Consolidated Mortgage was created to secure \$35,000,000 50-year 4½% bonds. Of these bonds, \$3,000,000 were immediately deliverable to the company for corporate uses, \$18,145,000 were reserved for retirement of underlying obligations and the balance reserved for the future wants of the company, to be issued after July 1, 1908, at not exceeding \$1,500,000 per annum. \$4,735,000 of these bonds were outstanding June 30, 1909. The Public Service Commission, in February, 1910, granted the company permission to sell \$1,277,000 of these bonds.

In September and October, 1909, \$1,457,000 4% and 4½% Equipment bonds were sold.

About 65% of the tonnage moved over the Buffalo, Rochester & Pittsburgh Ry. in 1908-9 consisted of bituminous coal against 65% in 1907-8, 65% in 1906-7, 62% in 1905-6, 67% in 1904-5, and 64% in 1903-4.

Products of Mines totalled over 79% of the freight tonnage moved in 1908-9.

As of June 30, 1909, main track operated contained:

58 miles of 100-pound rail,	20 miles of 85-pound rail,
234 miles of 90-pound rail,	220 miles of 80-pound rail,
18 miles of 71 and 60-pound rail.	

135 miles of second track were laid with 90-pound rail and 46 miles with 80-pound rail.

CENTRAL R. R. OF NEW JERSEY.

Dividends are paid quarterly, beginning February. The dividend rate was increased in February, 1902, to 8% per annum, which rate was paid in 1909, but in December, 1909, an extra dividend of 2% was declared. In February, 1910, the regular quarterly dividend of 2% was paid.

As of June 30, 1909, the Reading Co. owned \$14,504,000 of the capital stock of the Central R. R. of New Jersey. This stock was acquired in 1901.

The Central R. R. of New Jersey owns practically all the stock of the Lehigh & Wilkes-Barre Coal Co., viz.: \$8,491,150 of \$9,212,500 outstanding; also \$4,823,000 of that company's bonds.

The gross earnings of the Lehigh & Wilkes-Barre Coal Co. were for 1908-9 \$16,602,856 (against \$18,290,937 for 1907-8), and the surplus for the year, \$1,993,095. Earnings of Coal Department are reported separately.

In December, 1909, an initial dividend of 6½% was declared on the Coal Co.'s stock. The sum secured by the C. R. R. of N. J. from this dividend was slightly in excess of the 2% extra dividend declared by the company.

The total fixed interest and bonded debt of the Coal Co. amounted, on June 30, 1909, to \$19,687,000. Of these bonds \$12,175,000 4½% bonds, due 1910 (formerly 7% bonds) are outstanding and guaranteed principal and interest by the Central R. R. of N. J. The only other bonds of the Coal Co. not owned by the Railroad Co. on June 30, 1909, were the 5s of 1912 (\$2,691,000), but these bonds are not guaranteed.

Jointly and severally with the Lehigh Coal & Navigation Co. the Central R. R. of New Jersey guarantees principal and interest of \$1,062,000 General Mortgage 5% bonds (\$1,320,000 outstanding) of the Lehigh & Hudson River Ry. The Central R. R. of New Jersey guarantees the \$4,987,000 5% bonds due 1921, of the American Dock & Improvement Co.

As of June 30, 1909, the Central owned among other securities, \$1,600,000 of the capital stock of the Lehigh Valley R. R. (reported sold Sept., 1909), \$3,000,000 American Dock & Improvement Co.'s stock, \$2,000,000 stock of the New York & Long Branch R. R., \$4,230,000 of its own Equipment Bonds, and \$1,167,000 C. R. R. of N. J. General Mortgage 5% bonds.

From the surplus of 1908-9, as given on the statistical page in

this book, \$2,000,000 was appropriated for improvements, additions and depreciation, against \$2,000,000 in 1907-8, \$3,512,062 in 1906-7, \$3,373,799 in 1905-6, \$2,697,702 in 1904-5 and \$1,065,146 in 1903-4.

50% of the total freight earnings in 1908-9 was derived from coal traffic, against 52½% in 1907-8, 47½% in 1906-7, 46½% in 1905-6, 51½% in 1904-5 and 52% in 1903-4.

CUMBERLAND VALLEY R. R.

The preferred issues are guaranteed dividends of 8% per annum.

The preferred issues and the common are receiving 8% per annum, payable quarterly, beginning January. This rate has been paid since 1885. An extra dividend of 4% was paid on all classes of stock in 1908 and in 1909.

The bonds and debentures outstanding on December 31, 1907, were paid off during 1908, so that on December 31, 1908, the company had no bonded debt.

From the surplus of 1908, as given on the statistical page of this book, there was appropriated for extraordinary expenditures and transferred to the Extraordinary Expenditure Fund \$719,017, against \$842,873 in 1907, \$820,396 in 1906, \$709,031 in 1905, \$436,830 in 1904, and \$131,299 so appropriated in 1903. The balance to the credit of the Extraordinary Expenditure Fund on December 31, 1908, was \$1,462,449.

The large increase in gross earnings in the past several years is largely accounted for by the heavy coal and coke traffic, originating along the line of the Baltimore & Ohio R. R. and which, under present conditions, is routed via the Philadelphia & Reading and the Central R. R. of New Jersey Systems.

Coal and Coke constituted over 70% of the total tonnage carried in 1908.

In December, 1906, the Pennsylvania R. R. offered to exchange three shares of its stock for one share of Cumberland Valley R. R. stock, and acquired under this offer practically all the outstanding stock. For a number of years previous the majority of stock was owned by the Pennsylvania R. R.

As of December 31, 1908, Current Assets (including \$776,932 cash in hands of Treasurer), amounted to \$1,560,688, while Current Liabilities were \$407,897; excess of Current Assets being \$1,152,791. There was also \$565,584 in the hands of the Trustee of Contingent Fund.

With the operated mileage practically unchanged the total tonnage of freight moved one mile, increased from 47,960,424 in 1900, to 402,201,321 in 1907; Gross Earnings increased in the same period from \$1,052,377 to \$2,935,107, and the Net Earnings from \$255,218 to \$1,113,528. The number of tons carried one mile in 1908, was 305,751,557.

DELAWARE & HUDSON CO.

Dividends are paid quarterly, beginning March. The dividend rate is at present 9%, the rate having been raised in January, 1907, from 7% to 9%. Dividends have been declared for the full calendar year 1910, at the rate of 9% per annum.

For years a large amount of betterment and new work has been provided for by charges to expenses, both in the Railroad and Coal Departments.

\$4,000,000 6% bonds and \$1,000,000 4½% debentures of the New York & Canada R. R., matured May 1, 1904. To provide for the payment of these, and for other purposes, there was sold to stockholders in 1904, \$7,000,000 of an authorized issue of \$10,000,000 new capital stock at \$135 per share.

On April 1, 1906, \$7,000,000 6% and \$3,000,000 7% bonds of the Albany & Susquehanna R. R. matured. To provide funds for the retirement of these bonds there were offered at par to stockholders \$10,000,000 Albany & Susquehanna R. R. 3½% bonds dated April 1, 1906, and convertible at option of holder until April 1, 1916, into capital stock of the Delaware & Hudson Co. at the rate of \$200 in bonds for \$100 in stock. The Albany & Susquehanna R. R. is leased for 150 years from February, 1870, the rental being 9% yearly on its capital stock. After the above mentioned bonds were refunded, at an annual interest saving to the Delaware & Hudson Co. of an amount equal to about 3½% yearly on the Albany & Susquehanna R. R. stock, the stockholders of the latter company claimed that the benefit resulting from this saving should accrue to their stock. In September, 1907, the lower Federal court handed down a decision sustaining their position. An appeal was made by the Delaware & Hudson Co., but the previous decision was sustained by the higher court.

To December 31, 1908, \$3,354,000 Albany & Susquehanna R. R. 3½% bonds had been converted into stock.

In 1906, \$14,000,000 4% ten-year convertible debentures, dated June 15, 1906, of the Delaware & Hudson Co. were subscribed for by stockholders at par. These debentures are exchangeable for capital stock of the Delaware & Hudson Co., between June 15, 1907, and June 15, 1912, inclusive, at the rate of \$200 in debentures for \$100 in stock. The proceeds derived from the sale of these debentures were to be used as follows: Cost of electric railway acquisitions (see below), \$9,600,000; new equipment, \$2,400,000; cut-off around Wilkes-Barre, Pa., \$2,000,000.

In February, 1905, a half-interest in the stock of the Schenectady Ry. (122 miles single track operated, of which 106 miles owned) was purchased, and in November, 1905, over 99% of the \$5,000,000 stock of the United Traction Co. of Albany (86 miles) was acquired. The capital stock of the latter company

was increased in December, 1906, to \$12,500,000 to acquire most of the stock and bonds of the Hudson Valley Ry., an electric road operating 149 miles of single track. The Delaware & Hudson Co. owned on December 31, 1908, \$12,499,600 of the stock of the United Traction Co. 4% dividend was paid on this stock in 1908.

The Delaware & Hudson Co. owns interests in various other traction lines. The net income of all the electric companies controlled by the Delaware & Hudson Co. is equivalent to about 4% on their cost to that company.

On December 31, 1908, the Delaware & Hudson Co. owned \$23,386,005 par value of stocks and \$3,610,716 par value of bonds of other corporations. The ledger value of these securities was \$23,364,061 and the direct revenue therefrom during the year 1908 was \$803,599, or about 3½% upon the cost. During 1908 there were merged with the Delaware & Hudson Co., the New York & Canada R. R. and the Cherry Valley, Sharon & Albany R. R. (total mileage 171). By virtue of these mergers the ledger value of stocks and bonds owned was decreased \$9,584,100, and this sum was added to Cost of Property.

On May 12, 1908, the stockholders authorized a First and Refunding Mortgage for \$50,000,000 bearing 4% interest, the date of maturity being 1943. The bonds are subject to call as an entirety only, at 107½ on any interest day beginning May 1, 1918. In July, 1908, application was made to the Public Service Commission of the State of New York to issue \$20,000,000 of these bonds to discharge outstanding obligations. Authority was granted to issue \$13,539,000 bonds, decision being reserved as to the remainder of the \$20,000,000 applied for.

\$13,309,000 of these bonds were sold in 1908. Upon the announcement by the Commission of its refusal to consent to the issue of the remaining \$6,461,000 bonds the company caused the decision to be reviewed by the Supreme Court and in December, 1909, this court handed down a decision in favor of the company. These bonds and additional bonds, making a total of \$7,105,000, were sold on December 28, 1909.

\$10,000,000 4½% equipment bonds, due 1922, were sold in July, 1907. \$650,000 must be set aside by the company annually to purchase these bonds or other securities or to purchase new equipment, all to be held as security for this issue.

The amount of anthracite coal produced by this company during 1908 was 6,526,871 tons or about 10% of the total amount produced in the region during that year. The estimated amount of minable coal owned and controlled January 1, 1909, was considerably above 600,000,000 tons.

52% of the total freight tonnage moved in 1908 consisted of anthracite coal, against 49% in 1907, 48% in 1906, 52% in 1905, 53% in 1904, 58% in 1903, 44% in 1902 and 58% in 1901.

In order to comply strictly with the terms of the recent decision on the commodities clause of the Hepburn law, the company arranged in June, 1909, to turn over to the Hudson Coal Co., all of whose stock it owns, its entire present and future output of coal.

The earnings of Coal and Sales Department since 1901 have been as follows:

	Gross Earnings	Profit (not including interest on investments).
1901.....	\$28,008,747	\$1,638,643
1902.....	19,445,950	792,477
1903.....	20,183,231	3,550,626
1904.....	19,032,414	1,828,986
1905.....	20,214,296	1,790,699
1906.....	18,571,342	1,049,048
1907.....	23,184,706	957,482
1908.....	23,847,117	853,116

Through stock ownership, the Delaware & Hudson Co., late in 1906, acquired control of the Quebec, Montreal & Southern Ry. (114 miles). The Napierville Junction Ry. (28 miles) and the Greenwich & Johnsonville Ry. (31 miles) were also acquired. In 1909 an extension of the Quebec, Montreal & Southern Ry. was completed and placed in operation (Pierreville to Ste. Philomene, 49 miles). Following the completion of the construction of about 50 miles additional (Ste. Philomene to Lewis), the Quebec, Montreal & Southern Ry. will have a mileage of 264 miles with running rights on 16 miles additional. The Delaware & Hudson Co. will then control the shortest line between Quebec and New York, between Montreal and New York, and between Quebec and Montreal.

DELAWARE, LACKAWANNA & WESTERN R. R.

Dividends are paid quarterly, beginning January. Present rate, 10% per annum. In December, in each of the last five years, an extra dividend of 10% has been paid. (See last paragraph below.)

Appropriations from surplus for renewals and betterments have been made as follows:

Year 1901.....	\$2,523,127
Year 1902.....	3,058,148
Year 1903.....	4,319,166
Year 1904.....	3,446,719
Year 1905.....	3,587,486
Year 1906.....	5,551,619
Year 1907.....	3,820,088
Year 1908.....	2,781,603

\$16,677,000 7% bonds of the Morris & Essex R. R. Co., leased to the Delaware, Lackawanna & Western R. R., mature in 1914 and 1915. The Delaware, Lackawanna & Western R. R. itself has no bonds outstanding following the retirement in 1907 of its \$3,067,000 Consolidated Mortgage 7% bonds.

The Delaware, Lackawanna & Western R. R. controls and operates, in addition to its owned and leased lines, 187 miles of road, the earnings of which are reported separately.

The report for 1907 states that the cost of Maintenance of Way and Structures included the cost of sundry renewals, betterments and additions of an unusual character, the aggregate amount of which was \$2,003,765. In 1906, 1905, 1904, 1903 and 1902 there was so included under the heading of Maintenance of Way and Structures \$2,174,937, \$2,281,881, \$1,715,523, \$1,478,106 and \$1,632,737 respectively. In 1908, owing to the new accounting methods no charges of this character were made to Maintenance of Way. However, the sum of \$1,172,121, which in former years would have been so charged, was included in appropriations from surplus as stated in table above.

During 1905 the company operated those of its North River ferries which are run to and from its Hoboken passenger terminal, the same having been previously operated by the Hoboken Ferry Co., the control of which was purchased in 1903. The gross earnings from these ferry operations were \$1,223,309 in 1907, which sum was in 1907 included in the gross earnings of the Delaware, Lackawanna & Western R. R. Conducting Transportation Expenses were likewise increased by the cost of operating these ferries, \$1,063,961. No separate statement of these earnings and expenses was given in the report for 1908, as they were handled in subsidiary accounts.

Earnings of the Coal Department have been reported as follows:

	Gross Earnings.	Profit (after all expenditures for improvements.)	Sales (tons.)
1903.....	\$34,577,106	\$3,036,194	8,636,344
1904.....	35,950,575	3,445,477	8,877,206
1905.....	41,226,647	3,295,425	9,642,138
1906.....	38,564,171	3,655,119	9,205,728
1907.....	42,184,935	4,224,921	10,384,191
1908.....	38,185,417	4,166,792	9,610,127

The tonnage of anthracite coal moved in 1908 was 9,971,061 tons or 55% of the total tonnage against 50% in 1907, and 47½% in 1906. For the years 1905, 1904, and 1903, between 53 and 54% of the tonnage moved consisted of anthracite coal, against about 40% in 1902.

It has been estimated that the total unmined coal supplies of this company approximate 400,000,000 tons of anthracite.

In July, 1909, special dividends of 15% in stock and 50% in cash were declared by the Railroad Co. and the stockholders were given the right to use one-half of their cash dividend to subscribe at par for \$6,800,000 stock (entire issue) of the Delaware, Lackawanna & Western Coal Co. This company was formed in furtherance of a plan to separate the railroad's coal business from its transportation business. Prior to the formation of the Coal Co. the Railroad Co. owned directly its anthracite mines. A quarterly dividend of 2½% was paid January 15, 1910, on the stock of the Coal Co.

The decision of the company to sell all of its coal within the State of Pennsylvania to another company conforms to the decree of the Supreme Court in the commodity case, which necessitated such action. The proposed contract of sale provides that the buyer shall purchase all of the coal of the Railroad Co. in transit and stored at various points at its actual market value, and the future entire output of coal of the Railroad Co. on the basis of the 65% contracts. Under the terms of such form of contract the Railroad Co. sells its coal at the mines for 65% of the market value of such coal at the time of sale, as determined by the New York tidewater price. The buyer, in addition to paying such price for the coal, assumes all transportation charges from the mines.

To provide for the stock dividend of 15% (mentioned above) and for the merger of two subsidiary companies, the authorized stock of the Railroad Co. was increased to \$30,277,000.

In December, 1909, it was announced that the holdings of this company in the stock of the Lehigh Valley R. R., to the extent of about \$1,850,000, had been disposed of.

Gross earnings for the calendar year 1909 were \$34,815,009. The surplus was \$18,078,647.

ERIE R. R.

The first preferred stock is limited to non-cumulative dividends of 4% per annum. The second preferred is limited to non-cumulative dividends of 4% per annum. From January 1, 1901, to June 30, 1907, cash dividends were paid on the first preferred stock to an aggregate amount of 22% and on the second preferred stock to an aggregate amount of 8%. The usual cash dividends were omitted in the autumn of 1907, and instead thereof, there were declared dividends of 2% on the first preferred stock in scrip, payable October 1, 1917, and of 4% on the second preferred stock in scrip, payable November 1, 1917, viz.; 2% to stock of record October 10, 1907, and 2% to stock of record April 10, 1908. In March, 1908, the Public

Service Commission forbade the issue of these scrip dividends. No dividends are being paid.

The company has the right to retire the preferred stocks at par in cash.

Appropriations for improvements, additions, etc., have been made from surplus as follows:

Year 1902-3.....	\$2,377,856
Year 1903-4.....	1,540,320
Year 1904-5.....	1,360,555
Year 1905-6.....	1,926,973
Year 1906-7.....	1,642,029
Year 1907-8.....	575,804
Year 1908-9.....	381,927

During the three fiscal years, June 30, 1899, to June 30, 1902, there were expended for improvements and charged to operating expenses the following sums: 1899-0, \$1,177,040; 1900-1, \$1,153,540; 1901-2, \$1,257,857. Since the report for 1901-2, the annual reports have not shown the amounts included in expenses for extraordinary improvements.

From December 1, 1895, to June 30, 1909, \$15,621,989 had been expended in improvements and additions and \$41,451,438 expended for new equipment and charged to capital account.

From December 1, 1895, to June 30, 1909, the Erie R. R. received \$35,554,628 cash from all sources for construction and equipment purposes as follows:

Cash turned over by the Erie Reorganization Committee.	\$4,343,850
Cash realized from sale of securities turned over by said Committee	2,073,199
Cash from sale of \$5,000,000 Prior Lien Bonds.....	4,539,884
Cash from sale of \$3,000,000 General Lien Bonds.....	2,484,111
Cash from sale of \$21,015,000 Convertible Bonds.....	19,215,000
Cash from other sources.....	1,998,584
Total	\$35,554,628

From December 1, 1895, to June 30, 1909, the company expended from its current cash for liquidating the Receivership of the N. Y. L. E. & W. R. Co. and for construction and equipment purposes the sum of \$9,968,105 for which it is or will be entitled to be reimbursed from the sale of either General Lien Bonds or Convertible Bonds. On June 30, 1909, the company held unsold \$6,000,000 General Lien Bonds and \$985,000 Convertible Bonds.

On June 30, 1909, the total amount for which the company had not been reimbursed from the sale of bonds for expenditures made under the terms of the First Consolidated Mortgage

Deed, the General Mortgage and the Pennsylvania Collateral Trust Indenture, was \$10,019,105.

\$20,860,261 or 56.5% of the total operating expenses for 1908-9 was paid by the company direct to labor, being distributed among 36,324 employees.

The coal tonnage was 47% of total tonnage transported in 1908-9, against 48% in 1907-8, 40% in 1905-6 and in 1906-7, 44% in 1904-5, 45% in 1903-4, and 40% in 1902-3.

About 29% of the tonnage handled in 1908-9 consisted of anthracite coal and 18% consisted of bituminous coal.

To June 30, 1909, the company had sold all, except \$985,000, of \$22,000,000 of an authorized issue of \$50,000,000 4% Convertible Fifty-Year Bonds. Of these bonds \$10,000,000 (Series A) were outstanding June 30, 1905, having been issued for improvements and equipment. The bonds of this series are convertible at any time before April 1, 1915, into common stock at \$50 per share. Stockholders of record, October 21, 1905, were offered the right to subscribe pro rata at par for \$12,000,000 (Series B) of this issue. The bonds of the latter series are convertible into common stock at \$60 per share at any time after October 1, 1907, and before October 1, 1917. The greater part of the proceeds from the sale of the Series B bonds was intended to be used to acquire a majority of the common stock of the Cincinnati, Hamilton & Dayton Ry. As the Erie R. R. gave up its ownership in the latter before payment was actually made the proceeds of these bonds were applied to the improvement work.

The Erie R. R. owns a majority of the stock of the New York, Susquehanna & Western R. R. Co., which road is operated separately.

The Erie R. R. owns a one-sixth interest in \$6,924,200 (total \$11,000,000) Hocking Valley Ry. common stock, which was purchased in 1903 by J. P. Morgan & Co. and sold to various railroad companies. In 1907-8 the company sold its holdings of Lehigh Valley R. R. stock.

During 1907-8 \$15,000,000 6% 3-year Collateral Gold Notes were authorized. \$5,500,000 of this issue were sold at 95% and the proceeds used to retire a corresponding amount of short term notes maturing April 8, 1908, and a contract was at the same time made for the sale at par of an additional \$5,000,000 of such Notes for cash. Additional Notes were sold in 1909, so that \$13,984,000 of these Notes were outstanding October, 1909. They mature April 8, 1911.

With reference to the sale of these Notes and the purchase of interest coupons by J. P. Morgan & Co., the president of the company, in the annual report for 1907-8 said:

"Arrangements have also been made under which interest obligations and coupons of your Company, or for which it is liable, incurred or issued before April 1, 1908, and maturing on or before July 1, 1909, may be purchased for cash and deposited and pledged under the Indenture securing such Collateral Trust Notes as additional security for all of the \$15,000,000 of said notes issued or to be issued thereunder, such notes to be accepted at par by the purchasers of the coupons or interest obligations for the actual cost of the coupons or interest obligations so purchased. The result of this arrangement will be to fund the coupons and interest obligations during the life of the Collateral Trust Notes and at the same time to largely increase the security of such notes and render the unsold balance of \$4,500,000 readily salable in case the Company should desire to dispose of them.

"While the proceeds of these notes should be sufficient to meet the ordinary requirements of the Company, they will not be sufficient also for the completion of the improvements now being made, which have not reached the point where they contribute additional revenue to the Company.

"As these improvements all serve to strengthen the security of the General Lien and the General Mortgage Bonds, it is expected that a plan will shortly be prepared for funding the coupons maturing on these bonds for a period sufficiently long to enable the Company out of its current funds to complete the work now under way, and thus get the benefit of the large expenditures already made, but which as above stated remain as yet unproductive."

In February, 1909, the Erie R. R. was granted permission to issue, under carefully guarded restrictions, \$30,000,000 of 30-year 5% Collateral Trust Bonds, on the express condition that the holders of at least 90% of the \$11,380,000 coupons falling due during a period of five years on the \$35,885,000 General Lien bonds and the \$21,015,000 Convertible bonds in the hands of the public, should exchange the coupons before October 1, 1909, for an equal amount of the new bonds. A portion of the proceeds derived from the sale of these bonds was to be used to retire the 6% Notes above referred to. The cash price at which these bonds could be sold was fixed at 87½.

These bonds authorized by the Public Service Commission have not been issued. The directors, on May 27, 1909, authorized the following statement:

"The company has disposed of the balance of the \$15,000,000 of 6% Collateral Gold Notes which were issued for the purpose, among other things, of refunding obligations maturing on or prior to July 1, 1909. It is therefore proposed to proceed with the refunding and accordingly to purchase the coupons and

other obligations of the company maturing on or prior to July 1, 1909.

"This will provide amply for the company's present cash requirements, and it is believed that it will not be necessary now to proceed with the plan of funding later coupons of the General Lien and General Mortgage Convertible bonds by an issue of Collateral Trust 20-year gold bonds, as recently authorized by the Public Service Commission."

The following is quoted from the remarks of the president in the annual report for 1908-9:

"With the increased net income of the company, it is hoped that the proceeds of the Collateral Notes so issued will be sufficient to meet the company's requirements until additional funds can be realized from the sale of its securities already issued and the bonds of subsidiary lines received and to be received in reimbursement of advances for construction, thereby rendering the further funding of your company's interest obligations unnecessary."

The balance sheet of June 30, 1909, showed Current Assets, \$9,233,813 (not including \$3,591,817 materials and supplies) and Current Liabilities, \$7,810,464. Other assets included \$4,318,500 Due from Subsidiary Companies (against \$2,893,547 on June 30, 1908) and \$8,640,405 Due from Subsidiary Companies Account Construction (against \$5,717,797 on June 30, 1908.)

The 4% second preferred stock is worthy the notice of investors. Should the company earn 4% on its common stock it would mean that over 32% had been earned on the second preferred. An earning power which would warrant the payment of 4% on the first preferred would be ample to give good promise of dividends on the second preferred stock.

LEHIGH & HUDSON RIVER RY.

No dividends are being paid on the stock of this company.

The control of this company is held by the Lehigh Coal & Navigation Co. and by various railroads. Of the \$1,340,000 stock outstanding, \$163,200 is owned by the Pennsylvania R. R., \$163,100 by the Lehigh Valley R. R., and \$113,300 by the Central R. R. of N. J., which last named company, together with the Lehigh Coal & Navigation Co. guarantees principal and interest. \$1,062,000 of the \$1,320,000 General Mortgage 5% bonds outstanding. The Erie R. R. also holds an interest in the L. & H. R. Ry.

On May 23, 1907, the consolidation of the Orange County R. R. (stock previously owned) became effective. The latter company owned 11 miles of road and in 1905-6, earned gross,

\$35,416 and net, \$939. The Orange County R. R. had no bonds issued.

During the year 1906-7 there were sold \$239,000 4% Debentures due 1920, and \$400,000 4½% Equipment Trust Certificates due \$40,000 (or one-tenth) yearly. During 1908-9, \$161,000 4% Debentures were sold, completing the authorized issue of \$400,000.

Including the mileage of the Orange County R. R., the main track of the Lehigh & Hudson River Ry. contained on June 30, 1909: 73 miles of 80-pound steel, 1 mile of 65-pound steel and 3 miles of 60-pound steel.

\$49,204 of the cost of relaying part of main line with 80-pound rail was charged to operating expenses in 1908-9. \$40,534 was so charged to operating expenses in 1907-8.

With no increase of mileage the freight traffic increased during 1908-9, 55.5%. Tons carried one mile increased 78.7%. Tonnage originating on line increased 11.1% and amounted to 26.5% of the total tonnage carried during the year.

LEHIGH & NEW ENGLAND R. R.

A majority of the stock of this company is owned by the Lehigh Coal & Navigation Co. No dividends have ever been paid.

In 1908, \$7,500,000 General Mortgage 4% bonds due 1953 were authorized, \$3,450,000 to retire underlying bonds and the balance (\$4,050,000) for future requirements. \$750,000 of these bonds were outstanding June 30, 1909.

LEHIGH VALLEY R. R.

The following dividends have been paid on both classes of stock since 1904 (no dividends had been paid on the common stock prior to that date since 1893).

	1904	1905	1906	1907 to 1909
Preferred	10%	10%	10%	10% annually.
Common	1%	4%	4%	*6% annually.
	*4% regular and 2% extra			

The semi-annual dividend paid in January, 1910, on the common stock was 3%, thus placing the stock on a regular 6% basis.

In 1901 representatives of the Erie R. R., "Lackawanna," Central R. R. of New Jersey, Reading Co., and Lake Shore & Michigan Southern Ry. entered the directorate of the company. In 1908 the Erie R. R. holdings were sold and it has been re-

ported that the various other holdings have since been mostly sold, including those of the C. R. R. of N. J., Reading Co., "Lackawanna" and the "Lake Shore." See paragraph next below. The Lehigh Valley R. R. is operated independently.

As of December 31, 1902, the Lake Shore held \$3,200,000 of Lehigh Valley R. R. stock purchased at \$30 per share in 1901, and the Central R. R. of New Jersey reported \$1,600,000 of the stock held in its treasury. In 1903 the Lake Shore added largely to its holdings of Lehigh Valley R. R. stock by the purchase of \$2,500,000 par value of the stock. On June 30, 1909, the Reading Co. owned \$1,000,000 Lehigh Valley R. R. stock, and the Central R. R. of New Jersey the amount stated above.

In December, 1909, the holdings of the "Lackawanna," amounting, it is reported, to \$1,850,000, were sold to Drexel & Co., of Philadelphia.

In 1907-8 and in 1908-9 coal traffic contributed about 45% of the gross earnings and about 53% of the total tonnage carried.

The Lehigh Valley Coal Co. and affiliated coal companies earned net in 1908-9, after all interest charges, \$375,452, against \$388,606 in 1907-8, \$111,250 in 1906-7, \$318,489 in 1905-6, \$635,548 in 1904-5, \$856,437 in 1903-4, and \$895,918 in 1902-3. During the year 1908-9 the Lehigh Valley Coal Co. and affiliated companies produced and purchased 83.2% of the anthracite coal transported by the Lehigh Valley R. R. The total production of anthracite coal from the lands owned and controlled by the Lehigh Valley Coal Co., and other companies in which it and the Lehigh Valley R. R. are interested, through ownership of stock, was 7,734,078 tons for the year 1908-9, as compared with 9,263,899 tons for the previous twelve months. On June 30, 1909, the Current Assets of the Lehigh Valley Coal Co. were \$4,948,151 in excess of Current Liabilities. The Coal Co. had outstanding \$13,138,500 bonds and \$10,537,000 Certificates of Indebtedness. The Certificates of Indebtedness were all owned by the Lehigh Valley R. R. Co.

In 1901-2, \$1,676,974 was included in operating expenses for additions and betterments. Appropriations for additions and improvements have been made from surplus earnings as follows:

Year 1902-3.....	\$1,266,182
Year 1903-4.....	1,465,290
Year 1904-5.....	1,411,551
Year 1905-6.....	1,570,227
Year 1906-7.....	2,068,590
Year 1907-8.....	1,775,264
Year 1908-9.....	582,643

Operating expenses have for years been charged heavily for improvement work. With the annual report of 1902-3 was introduced a new method of bookkeeping whereby a distinct and

separate charge is made to net income for extraordinary expenditures.

As a result of a thorough investigation made in 1903 by independent experts, it was found the company's coal properties and equipments had been carried at a valuation far below their actual value. Consequently Equipment was charged in 1902-3 and Profit and Loss credited, \$3,500,000; also the Lehigh Valley Coal Company charged Cost of Property and credited Profit and Loss, \$3,500,000.

In 1903 a "General Consolidated Mortgage" securing bonds to the amount of \$150,000,000 was created. Bonds to be issued under this mortgage were to provide for the retirement of over \$04,000,000 outstanding fixed obligations of the Railroad Company and for all reasonable demands of the future for improvements. Provision is made that any amount not exceeding \$25,000,000 in the aggregate may be made convertible into capital stock of the company. On June 30, 1909, there were outstanding in the hands of the public \$26,639,000 General Consolidated Mortgage bonds, and there were held in the company's treasury \$3,000,000 bonds of this issue. As against the sale in 1904-5, 1905-6, 1906-7, 1907-8 and 1908-9 of \$26,639,000 bonds there were cancelled and retired or changed from fixed obligations of the Lehigh Valley R. R. Co., subsidiary lines and coal companies, bonds and other forms of indebtedness, to the aggregate of about \$33,000,000.

Practically all of the present outstanding bonds other than the General Consolidated bear interest of from $4\frac{1}{2}\%$ to 7%. \$6,000,000 7% bonds (all now outstanding) mature Sept. 1, 1910.

On November 1, 1905, the Lehigh Valley R. R. completed the purchase of the Coxe interests, including Coxe Bros. & Co., Incorporated, the Delaware, Susquehanna and Schuylkill R. R. (77 miles) and allied water companies. Coxe Bros. & Co., Incorporated, were the largest individual operators in the anthracite field, their annual capacity exceeding 2,000,000 tons. In payment for these properties there were issued \$19,000,000 4 per cent. Collateral Trust bonds. These bonds mature at the rate of \$1,000,000 each year in semi-annual installments, the first installment having been paid August 1, 1907, the last installment maturing February 1, 1926. These bonds are subject to call as a whole at 102 $\frac{1}{2}$ beginning August 1, 1912, or in the order of serial numbers.

\$12,297,020, or 53% of the total operating expenses, including outside operations, for 1908-9, was paid direct to labor, being distributed during the year among an average of 20,731 employees.

Current Assets (represented largely by cash) as of June 30, 1909, were \$14,054,178 in excess of Current Liabilities. Profit and Loss Surplus was \$19,212,252.

LONG ISLAND R. R.

No dividends have been paid on the stock since 1896.

In May, 1900, a majority of the stock was purchased by the Pennsylvania R. R., which company owned, as of December 31, 1908, \$6,797,900 par value of Long Island R. R. stock.

The recent completion of the Interborough R. R. Subway and tunnel from Flatbush Avenue, Brooklyn, to City Hall, New York, assures a large permanent traffic, as well as an increased summer business. This traffic will be greatly augmented upon the completion of the Pennsylvania R. R. tunnel connecting New Jersey and New York with Long Island City.

In October, 1903, it was announced that a new Refunding Mortgage had been created, limited to \$45,000,000, securing 4% bonds. The total amount issued under this mortgage to December 31, 1906, was \$22,408,000, of which about \$4,000,000 were issued in exchange for United Mortgage 4% bonds. The balance of the authorized issue is required either to retire other securities or to take up underlying bonds at maturity. The company sold no bonds in 1907 and in 1908, the funds to meet the capital expenditures of those years having been advanced by the Pennsylvania R. R. These advances amounted on December 31, 1908, to about \$6,000,000. The bonds bear the guarantee as to principal and interest of the Pennsylvania R. R. Co. The proceeds of these bonds as well as the advances by the Pennsylvania R. R. were used to retire old bonds as stated, to pay for the double-tracking of portions of the line and for the furnishing of increased facilities made necessary by the constant increase in business and the large additional volume of traffic expected to result from the completion of the tunnel line.

On November 20, 1909, the company was granted permission to issue \$16,500,000 4% 10-year debenture bonds to be issuable as follows: the Pennsylvania R. R. for advances, \$6,062,952; \$10,437,048 reserved to be issued on account of further additions and improvements. None of these debentures had been issued to January 1, 1910.

The company has completed the electrification of its lines in and adjacent to the boroughs of Brooklyn and Queens. Large sums have been expended for additional terminal facilities at Bay Ridge and Long Island City and for the Atlantic Avenue Improvement.

The general balance sheet of December 31, 1908, showed cost of Atlantic Avenue Improvements to that date, \$4,982,862; cost of Bay Ridge Improvements, \$1,493,685; cost of Brooklyn Grade Crossing Improvements, \$976,531; cost of Electric Motive Power Plants and Equipment, \$3,102,906.

As the work on the Bay Ridge Improvement during the year

1908, and the purchases of land in connection with that and other construction work, continued to require capital expenditures from which no additional revenue could be derived until their completion, a "proper proportion" of the interest on the completed but unused portions of the improvements was charged into the cost of construction.

In the report for 1903-4 the President said that "a material reduction in the cost of operation for the coming year is expected, in connection with Maintenance of Way and Maintenance of Equipment charges, the roadway and equipment and your property generally being in excellent physical condition." During the years 1905, 1906 and 1907, the Maintenance Expenses showed large increases each year, and Conducting Transportation Expenses have been considerably larger than ever before, showing large increases each year. In 1908 however the decrease in Operating Expenses was large, being proportionately much larger than the decrease in Gross Earnings.

In March, 1906, the stockholders voted to guarantee, principal and interest, an authorized issue of \$10,000,000 4½% 40-year collateral trust bonds of the Long Island Consolidated Electrical Companies, all of whose stock is owned, being a holding company for the trolley lines owned and controlled by the Long Island R. R. That company in 1906 completed the acquisition of a one-half interest in the New York & Long Island Traction Co. and the Long Island Electric Ry. Co. The balance sheet of the Long Island R. R., December 31, 1908, showed that there had been advanced to the Long Island Consolidated Electrical Companies the sum of \$1,429,010.

None of the above mentioned bonds (Long Island Consolidated) had been sold to December 31, 1909.

The debit balance to Profit and Loss as of December 31, 1908, was \$2,977,063. There was due for Construction and Equipment purposes the sum of \$4,382,316.

During the year 1908 there were constructed in villages on the lines of the Long Island R. R. outside of Long Island City and Brooklyn, 4,748 dwelling houses, 368 stores, 18 factories and 238 miscellaneous buildings.

MARYLAND & PENNSYLVANIA R. R.

No dividends are being paid on the common stock.

4% is being paid annually on the \$900,000 Income Bonds outstanding. This rate has been maintained since 1902. These bonds mature April 1, 1951.

The company guarantees principal and interest \$200,000 Maryland & Pennsylvania Terminal Ry. 5% bonds. The capital stock

of the latter company is owned by the Maryland & Pennsylvania R. R.

A part, at least, of this line is to be operated by electricity. The entire line is laid with 70-pound rails.

NEW YORK CENTRAL & HUDSON RIVER R. R.

Dividends are payable quarterly, beginning January. During the year 1907 and in January, 1908, quarterly dividends of $1\frac{1}{2}\%$ were paid. In April, 1908, the dividend was reduced to a 5% basis, which rate was continued to and including the dividend paid January, 1910. In April, 1910, the rate was increased to $1\frac{1}{2}\%$ quarterly.

In 1906, the Oregon Short Line R. R. (Union Pacific System) purchased \$14,285,700 stock of the New York Central & Hudson River R. R. at about \$137 per share.

The following amounts have been appropriated from surplus earnings:

Year 1899-0.....	\$2,000,000	to special improvement fund.
Year 1900-1.....	1,500,000	" " " "
Year 1901-2.....	1,750,000	" " " "
Year 1902-3.....	1,750,000	" " " "
Year 1903-4.....	707,099	for new equipment.
July 1 to December 31, 1904	1,500,000	" " " etc.
Year 1905.....	1,500,000	to improvement fund.
Year 1906.....	2,800,000	" " " "

No special appropriations were made during 1907 and 1908.

The report for 1903-4 states that there was expended in that year and charged to operating expenses for additions, improvements, etc., the sum of \$3,196,453, against \$3,256,712 so charged in 1902-3, and \$2,100,805 in 1901-2. In the reports for 1905, 1906, 1907 and 1908, no statements were given as to the extraordinary expenditures included in operating expenses, but special deductions of \$1,532,722 and \$1,308,260 respectively, in the years 1905 and 1906, were made from net income for new additional construction and equipment. So far as the figures on the statistical page are concerned, these sums are considered as having been deducted from the surplus for the years mentioned.

In April, 1900, \$15,000,000 new stock was sold at par to provide for new equipment, and in April, 1902, the stockholders voted to increase the capital stock from \$115,000,000 to \$150,000,000. Of the increased stock \$16,912,900 was purchased in 1902, by stockholders at \$125 per share, and the proceeds used for improvements. Practically all of the balance of the authorized stock, or \$16,947,800 stock, was in January, 1906, offered to stockholders pro rata at par to the amount of 13% of their respective holdings. On April 18, 1906, the stockholders voted

to increase the limit of authorized stock to \$250,000,000; late in 1906 stockholders subscribed at par to \$28,984,900 new stock, the proceeds to be used for improvements, rolling stock and terminal improvements in New York, thus raising the amount of stock outstanding, December 31, 1906, to \$178,182,700.

The amount of stock outstanding was later increased to \$178,632,000, which amount was outstanding December 10, 1909. On that date stockholders of record were given the privilege of subscribing at par to new stock to an amount equal to 25% of their respective holdings, viz.: \$44,658,000 new stock, subscription to be paid in full on or before January 20, 1910. The company agreed to accept the outstanding 5% Notes maturing February 1, 1910 at par and interest in payment of, or toward any such stock subscriptions. Of the proceeds of this stock issue, \$21,966,615 was to be used to pay off a like amount of the above mentioned 5% Notes and the balance, \$22,691,385, for acquisitions, extensions and improvements.

\$4,000,000 Refunding Mortgage 3½% bonds were sold in February, 1900, and the proceeds used to pay for new construction.

In 1900 the New York Central & Hudson River R. R. leased the Boston & Albany R. R. for ninety-nine years, guaranteeing its bonds and paying as an annual rental 8% on the Boston & Albany R. R. capital stock. The earnings of the Boston & Albany R. R. are merged with those of the lessee company. The earning power of the Boston & Albany R. R. is such as to warrant the conviction that that road will of itself provide for the rental obligations of the lessee.

The New York Central & Hudson River R. R. owns practically all of the capital stock of the Lake Shore & Michigan Southern Ry. and of the Michigan Central R. R. The stocks of these companies were acquired by exchange for New York Central R. R. 3½% bonds on the basis of \$200 in bonds for \$100 in L. S. & M. S. Ry. stock, and \$115 in bonds for \$100 in Michigan Central R. R. stock. The equity of the New York Central R. R. in the earnings of these two roads is largely in excess of the dividends now received by it as owner of their stocks. In January, 1907, the dividend rate on Lake Shore & Michigan Southern Ry. stock was raised from 8% to 12% and in January, 1908, an extra dividend of 2% was paid. The 12% rate is being maintained at the present time. In January, 1907, the rate on Michigan Central R. R. stock was raised from 4% to 6%, and in 1908, 8% was paid; in 1909, 6% was paid. Increased dividends were established by other companies in the System.

The control of the "Nickel Plate," "Big Four," Pittsburgh & Lake Erie R. R., Lake Erie & Western R. R. and Chicago, Indiana & Southern R. R. is held by the Lake Shore & Michigan

Southern Ry. through its ownership of their stocks. The L. S. & M. S. Ry. owned December 31, 1908, a large amount of Reading Co. stock. The Lehigh Valley R. R. stock owned (\$5,700,000) was sold in 1908. See Baltimore & Ohio R. R. as to joint control of Reading Co. See Chesapeake & Ohio Ry. as to former ownership of stock in that company. The N. Y. C. & H. R. R. R. and the Pennsylvania R. R. interests are interested, jointly with other railroads, in the Hocking Valley Ry.

The Mohawk Valley Co. is a holding company for various electric roads, including at Rochester, Syracuse, Schenectady, etc. The New York Central formerly owned \$12,000,000 of the \$20,000,000 stock of this company, the balance having been held by the "Central Railway Syndicate." During the year 1908 a plan for the consolidation and merger of certain of the electric railways above mentioned, was submitted to the Public Service Commission of the Second District, and received its approval. This plan provided, among other things, for the reduction of the capital stock of The Mohawk Valley Co. from \$20,000,000 to \$7,500,000 and the surrender and retirement of \$12,500,000 of the stock and the delivery in exchange therefor of stock of the electric railway companies. Under the provisions of this plan this company retained \$4,500,000 of its total holdings of \$12,000,000 of the capital stock of The Mohawk Valley Co. and surrendered \$7,500,000, for which it received in exchange stock of the electric railway companies of the par value of \$10,239,200. Out of a total mileage of 389 miles of such interurban street railways, a consolidation has been effected of the properties in, and in the vicinity of, Rochester, New York. The consolidated company—New York State Railways—in exchange for its stock, has acquired all of the other street railway properties formerly owned by The Mohawk Valley Co.

Since 1906 the subsidiary lines, with the exception of the New York, Chicago & St. Louis Ry. (Nickel Plate), have been known as the "New York Central Lines." Late in 1907, \$30,000,000 5% New York Central Lines Equipment Trust Certificates were sold, such certificates being guaranteed by agreement, jointly and severally, both as to principal and interest, by the New York Central & Hudson River R. R., Lake Shore & Michigan Southern Ry., Michigan Central R. R., Cleveland, Cincinnati, Chicago and St. Louis Ry. and Chicago, Indiana & Southern R. R. \$2,000,000 each of these certificates matured November 1, 1908, and November 1, 1909, and the balance are to be retired \$2,000,000 annually from November 1, 1910, to November 1, 1922, inclusive. \$5,845,252 of said certificates were purchased by the New York Central & Hudson River Railroad in 1907; the cost of the equipment to be leased by this com-

pany under the terms of this agreement approximated \$13,500,000.

The following statement shows the character of the equipment acquired under the terms of the New York Central Lines Equipment Trust Agreement and Lease of 1907, together with the total amount of certificates issued by the Guaranty Trust Co., and the amount outstanding December 31, 1908:

Road	Lo- como- tives	Pas- sen- ger cars	Frt. cars, etc.	Certifi- cates issued by Guaranty Trust Co. for 90 per cent. of value	Rental paid and ap- plied to re- demption of cer- tificates	Balance certificates issued by Guaranty Trust Co. outstand- ing Dec. 31, 1908
N Y C & H R R Co.	447	88	4,000	\$11,904,902	\$793,660	\$11,111,242
L S & M S Ry Co..	125	25	4,200	6,708,393	447,226	6,261,167
C I & S R R Co....	2	8	3,550	3,779,976	251,998	3,527,978
M C R R Co.....	5	15	3,700	3,906,382	260,426	3,645,956
C C C & St L Ry Co.	112	17	1,625	3,700,347	246,690	3,453,657
Totals	691	153	17,075	\$30,000,000	\$2,000,000	\$28,000,000

Through refunding high rate interest bonds the New York Central & Hudson River R. R. has effected a considerable saving (about \$1,500,000 yearly), in interest charges. A further saving will be made by refunding bonds of leased lines

In 1904, \$50,000,000 4% Debentures were authorized, of which \$30,000,000 were sold in 1904; \$13,000,000 additional Debentures were sold in 1908; \$5,000,000 additional Debentures were authorized in January, 1910, in payment for \$5,000,000 (4%) preferred stock of the Geneva, Corning & Southern R. R. This is a leased line. They are to be secured by any new mortgages, but existing mortgages may be extended.

A statement of earnings for the calendar year compares as follows:

	1909	1908
Gross Earnings	\$93,171,861	\$83,927,355
Operating Expenses	64,593,826	61,289,305
Net Earnings	28,578,034	22,638,050

NEW YORK, ONTARIO & WESTERN RY.

On November 9, 1904, \$12,000,000 General Mortgage 4% bonds were authorized, of which \$3,948,000 were outstanding June 30, 1909. These bonds mature June 1, 1955; \$2,000,000 bonds of the issue were created to reimburse the company for extraordinary expenditures made prior to the authorization of the mortgage.

Dividends have been paid since 1904 as follows: In 1905 4½%

(of which 3% was the initial dividend paid in January, 1905); 1906 to 1909 2% annually.

A majority of the stock of this road, namely, \$29,160,000 common stock and \$2,200 preferred stock was purchased in October, 1904, by the New York, New Haven & Hartford R. R. at \$45 per share for the common stock. See that company. The New York Central & Hudson River R. R. had an option on this majority stock up to December 31, 1907. It is believed that this option has been extended.

In 1899 and 1900 the New York, Ontario & Western Ry. secured control of extensive coal properties, from which the majority of its coal tonnage is derived. The company issued \$5,825,000 5% gold notes secured by mortgages on the coal companies' property. As of June 30, 1909, \$2,825,000 of these notes were outstanding. A portion of these notes is retired each year.

The policy pursued by the company in the matter of charging its operating expenses for maintenance and improvement work has for years been most liberal.

As of June 30, 1909, main track contained, exclusive of 53 miles of trackage:

36 miles of 95-pound steel,	123 miles of 75-pound steel,
4 miles of 85-pound steel,	52 miles of 67-pound steel.
254 miles of 76-pound steel,	23 miles of 62 and 56-pound steel.

In 1902, 1903 and 1904, the surplus earnings were applied to the double-tracking of the line from Cadosia to Cornwall (107 miles). To June 30, 1909, \$3,452,905 had been expended for second track on the main line and Scranton Division.

Of the freight traffic earnings in 1907-8 and 1908-9, coal contributed about 60%, against about 56% in 1906-7, and about 54% in 1905-6.

NEW YORK, SUSQUEHANNA & WESTERN R. R.

Practically all the stock of this road was exchanged in 1898 for stock of the Erie R. R. For the preferred stock Erie R. R. first preferred was offered dollar for dollar, and for the common stock, Erie R. R. common was offered dollar for dollar. No dividends have been paid since 1892.

Under the mortgage of the Erie R. R.—Pennsylvania Col-lateral 4% bonds, \$6,630,000 common and \$6,630,000 preferred stock of this road are deposited.

In 1908-9, \$13,320 was appropriated from surplus for additions and betterments, against \$62,700 in 1907-8, \$209,659 in 1906-7, \$114,380 in 1905-6, \$115,202 in 1904-5 and \$26,462 in 1903-4. The

surplus shown in the income account for the six years mentioned above amounted to \$350,549. Accordingly the appropriations stated (being \$541,723) were \$191,174 in excess of the surplus earnings.

The New York, Susquehanna & Western R. R. is operated independently and its accounts kept separate and distinct from those of the Erie R. R.

\$3,500,000 6% bonds (Midland R. R., 1st Mortgage bonds), mature April 1, 1910. The company offered to extend these bonds at 5% per annum to April 1, 1944, upon payment of the sum of \$95 per \$1,000 bond. \$325,000 additional 6% bonds mature on or before July 1, 1911.

NORTHERN CENTRAL RY.

The stock of this company receives 8% per annum in semi-annual installments, January and July. Accompanying the regular cash dividend paid in January, 1907, a stock dividend of 12½% was paid, raising the amount of stock outstanding to \$19,342,569.

As of December 31, 1908, the Pennsylvania R. R. owned \$10,577,200, a majority of the stock of this company.

The shareholders of the Northern Central Ry. voted in November, 1903, to increase the authorized limit of stock from \$12,000,000 to \$20,000,000, the new stock to be issued from time to time at the discretion of the board to pay for improvements and retire maturing bonds. \$5,731,125 stock was subscribed for in June, 1904, at \$62.50 per \$50 share and the proceeds used to retire \$2,000,000 bonds maturing July 1, 1904, to purchase \$1,562,000 Shamokin Valley & Pottsville R. R. 3½% bonds not already owned, and to provide for improvements and equipment.

The Northern Central Ry. owned as of December 31, 1908, the following stocks of other companies: \$1,000,000 Baltimore & Ohio R. R. preferred, \$1,048,700 Baltimore & Ohio R. R. common, \$500,000 Norfolk & Western Ry. preferred, and \$1,000,000 common, \$500,000 Erie & Western Transportation Co. stock, \$1,225,000 Union R. R. of Baltimore stock, etc. Late in 1906, \$1,500,000 Chesapeake & Ohio Ry. stock (previously owned) was sold along with the stock held by the Pennsylvania R. R. and its affiliated companies.

Operating expenses have for years been liberally charged for betterments.

The following appropriations have been made from surplus earnings account of Extraordinary Expenditures:

Year 1900.....	\$1,011,451
Year 1901.....	1,101,139
Year 1902.....	700,000
Year 1903.....	908,484
Year 1904.....	920,681
Year 1905.....	827,721
Year 1906.....	1,100,583
Year 1907.....	500,000
Year 1908.....	600,000

Current Assets December 31, 1908 (including \$741,192 material and supplies), were \$4,322,431, and Current Liabilities were \$2,153,113. Excess of Current Assets \$2,169,318. There was a credit to the Extraordinary Expenditure Fund on that date of \$908,741 and to a Depreciation Fund for coal lands of \$520,367. The credit balance to Profit and Loss was \$2,826,372.

Products of Mines (mostly coal) contributed about 58% of the total freight tonnage handled.

Earnings for the calendar year 1909 compare as follows:

	1909	1908
Gross Earnings	\$12,378,348	\$11,378,548
Net Earnings	2,797,137	2,663,537

PENNSYLVANIA R. R.

Dividends are paid quarterly beginning February at the rate of 6% per annum. In November, 1906, and during 1907, a 7% rate was paid, but early in 1908, the rate was reduced to the 6% basis. From 1899 to November, 1906, the rate of dividend was 6% per annum.

During the period from December 31, 1860, to December 31, 1909, about \$345,000,000 was paid out by the Pennsylvania R. R. to its stockholders in cash dividends.

Appropriations from surplus earnings for improvements, additions, etc., have been made as follows:

Year 1899.....	\$3,495,559
Year 1900.....	7,990,329
Year 1901.....	10,824,595
Year 1902.....	12,500,000
Year 1903.....	9,472,728
Year 1904.....	6,220,922
Year 1905.....	8,424,881
Year 1906.....	11,201,475
Year 1907.....	5,760,651
Year 1908 (incl. \$1,000,000 for Tunnel Ex.)..	4,538,981

From the surplus of 1908, 1907, 1906 and 1905, deductions were made to the amounts of \$3,799,267, \$3,554,545, \$4,603,165 and \$3,563,658 respectively, representing payments on account of principal of Car Trust and to various Sinking Funds. Operating expenses have been for years heavily charged for improvement work.

In 1908 the Pennsylvania Co. contributed \$10,000,000 toward the cost of the New York Tunnel Extension and charged the same against its Profit and Loss account.

In 1907 the sum of \$7,000,000 was charged to Profit and Loss as an appropriation towards the construction of the New York Tunnel Line. The sum of \$4,648,576 was credited to Profit & Loss in 1907, representing "Profit Northern Central Ry. stock dividends, adjustment of value of securities owned in roads absorbed, etc."

In 1906 \$13,000,000 was charged to Profit and Loss, account of the Tunnel Line, as was also \$2,200,849, being amount transferred to Extraordinary Expenditure Fund. The sum of these two last amounts, \$15,200,849, had been previously credited to Profit & Loss in 1906, representing "profit from sales of stocks and settlement of sundry accounts, less reduction in value of securities, etc."

The total amount carried on the Pennsylvania R. R. balance sheet on December 31, 1908, on account of the New York Tunnel Extension was \$46,528,664. Of this amount \$15,000,000 was represented by stock of the Tunnel Co. and the balance represented advances for construction, after deducting sums exceeding \$40,000,000 charged against Income and Profit and Loss accounts of the Pennsylvania R. R. and the Pennsylvania Co.

The Pennsylvania R. R. owned on December 31, 1908, directly or indirectly, a majority of the capital stock of the Philadelphia, Baltimore & Washington R. R., Northern Central Ry., Pittsburgh, Cincinnati, Chicago & St. Louis Ry., Long Island R. R. and Cumberland Valley R. R., also a large interest in the West Jersey & Seashore R. R. and all the stock of the Pennsylvania Co. These roads are operated independently. See those companies and see last below. In addition to the above, the Pennsylvania R. R. owned on December 31, 1908, \$2,492,750 of \$2,500,000 stock of the New York, Philadelphia & Norfolk R. R. (112 miles). This stock was secured in 1908, the Pennsylvania R. R. issuing in exchange therefor 4% stock Trust Certificates due 1948, at the rate of \$300 in stock Trust Certificates for each \$100 in capital stock. The Pennsylvania R. R. guarantees these certificates, principal and interest. The New York, Philadelphia & Norfolk R. R., is paying dividends at the rate of 12% per annum.

The Pennsylvania R. R. owned, on December 31, 1908, either

directly or through its owned or controlled roads, large blocks of stock of the Hocking Valley Ry., Norfolk & Western Ry., Baltimore & Ohio R. R., and Erie & Western Transportation Co. The Baltimore & Ohio R. R. owns jointly with the Lake Shore & Michigan Southern Ry. the control of the Reading Co. and the Central R. R. of New Jersey. See those companies and see last below. Late in 1906 the Pennsylvania R. R. sold its interest in Chesapeake & Ohio Ry. stock and a large part (about one-half) of its holdings of stock of the Norfolk & Western Ry. and Baltimore & Ohio R. R. In April, 1909, the Norfolk & Western Ry. stock sold was repurchased. See last below.

The Pennsylvania R. R. Co. has through the Pennsylvania Co., which latter company owns a majority of their stock, large interests in other railroads, operated independently, as, for example, the Vandalia R. R., the Grand Rapids & Indiana Ry., Toledo, Peoria & Western Ry., and the Cleveland, Akron & Columbus Ry., etc., aggregating over 2,000 miles of road. See last below.

The equity of the Pennsylvania R. R. in all of the above mentioned companies is extremely large, and in most every instance is by no means represented by the dividends paid by those companies.

The Pennsylvania R. R. and its controlled companies will effect a large saving in interest charges through the refunding in the next few years of high-rate interest bonds. In 1905, \$27,480,020 6% bonds matured, and on July 1, 1910, about \$20,000,000 6% bonds mature.

On January 1, 1905, over \$300,000,000 stock of the Pennsylvania R. R. was outstanding. Over one-half of this stock had been issued since 1900 and of the new stock over 80% was sold at 120% of par value to stockholders for cash. Over \$22,000,000 stock was given in 1903 in exchange for Convertible Bonds on the basis of about \$7.100 par value in stock for each \$10,000 par value in bonds. On December 31, 1908, \$19,981,000 (amount since largely reduced—see third paragraph below), Convertible Bonds, due November 1, 1912, were outstanding. The original issue of these bonds was \$50,000,000.

In March, 1905, stockholders were given the right to subscribe at par for \$100,000,000 Convertible 3½% bonds, due October 1, 1915, convertible into stock at \$75 per \$50 share after December 1, 1905. The bonds are subject to call at par on December 1, 1910, or at any subsequent interest period on 90 days notice. A part of the proceeds was used to retire the \$27,480,020 6% bonds, referred to above, maturing in 1905; the balance for improvements.

Stockholders of record November 15, 1909, were given the

right to subscribe at par for new stock to the extent of 25% of their respective holdings. The subscriptions were declared payable either in full or in three instalments, as follows: 30% between December 8 and 18, 1909; 30% between February 23, and March 10, 1910, and the balance (40%) between May 26 and June 1, 1910. Upon payment of the last instalment there will be issued a check for interest at the rate of 6% per annum on the first instalment from December 18, 1909, and on the second instalment from March 1, 1910, all up to June 1, 1910, which will amount to \$0.63 per \$50 share. To subscribers making payment in full between December 8 and December 18, 1909, inclusive, and to those making payment of the last instalment between May 26 and June 1, 1910, inclusive, full paid negotiable stock receipts will be issued for whole shares, exchangeable, ten days after payment, for stock certificates carrying all dividends thereafter declared.

A majority of the holders of the Convertible 3½% bonds due 1912 converted their bonds into stock and took advantage of this opportunity to subscribe for new stock.

The proceeds derived from the sale of this new stock were to be used to retire \$60,000,000 5% Notes (see next below), due March 15, 1910, and \$20,000,000 General Mortgage 6% bonds maturing July 1, 1910. It was stated that all improvements to the property, including the completion of the New York Tunnel Extension and any new equipment that the company may require during 1910 will be paid out of the surplus income and funds now in the treasury of the Pennsylvania R. R.

The above mentioned \$60,000,000 5% 3 year Notes sold in March, 1907, were secured by \$45,000,000 Pennsylvania R. R. equipment certificates, \$10,000,000 water-supply trust certificates and \$8,800,000 Pennsylvania Co. stock. The proceeds from the sale of these Notes were used to retire the \$50,000,000 Pennsylvania Co. 4½% Notes due November, 1907, also for construction and improvement work.

In April, 1908, \$39,400,000 Consolidated Mortgage 4% bonds due May 1, 1948, were sold. The proceeds were to be used for the work on New York Terminals, for construction, etc.

In 1903 the company began the construction of an underground passenger electric tunnel railroad from New Jersey under the Hudson River to a central passenger station at 33rd St. and 7th Ave., New York City, and thence under the East River to a connection with the Long Island R. R. in Long Island City. This tunnel will permit the sending of through trains by rail direct to all points in New England via the bridge from Mott Haven to Long Island which is being constructed by the New York Connecting R. R. It is expected that all work will be completed in the summer of 1910.

In speaking of the savings to result from the expenditure

of the proceeds of \$75,094,750 capital stock sold at 120% of par value in the Spring of 1903 the president said in the report for 1902: "While the amount of such savings cannot be estimated with positive accuracy, it is safe to say that in the handling of last year's tonnage upon the lines east of Pittsburg they would have amounted to several million of dollars."

The following extract is quoted from the remarks of the president in the annual report for 1907:

"In pursuance of the policy announced in the last report (1906), the expenditures for the year (1907) were confined almost exclusively to the completion of work actually under way, and it is gratifying to note that with the exception of a portion of the relief freight lines for which no present necessity exists, substantially all the improvements outlined in the report for 1902, as essential to put your road in condition to meet the legitimate demands of your traffic, have been completed. As a result, the average daily mileage of the freight cars moved over your lines increased about 20% between 1903 and 1907. The expenditures for the present year (1908) will be practically confined to finishing the work now in progress on the main line, and to the Tunnel Extension into and through New York and the Terminal Station in that city.

"The progress upon the Tunnel Extension has been satisfactory, although it has necessarily been delayed by the engineering, legal and municipal questions inseparable from so extensive an undertaking. It is expected that the entire work upon the tunnels and terminal station will be completed in 1910." (Total cost of the N. Y. Tunnel \$102,000,000.)

The entire cost of the securities (par value, \$302,353,523) of other corporations (excluding \$15,000,000 Pennsylvania Tunnel and Terminal R. R. stock) held by the Pennsylvania R. R. December 31, 1908, was \$232,094,794. The direct revenue received from securities during the year 1908 was \$11,287,744, which amounted to 4.86% upon the cost thereof.

Of the total tonnage handled by the lines directly operated in 1908, bituminous coal contributed about 42% and coke 6%, against 37% and 9% respectively in 1907. During the last five years (1904 to 1908 inclusive), anthracite coal contributed from 8 to 10% of the tonnage.

On December 31, 1908, the Pennsylvania R. R. and the Pennsylvania Company owned capital stock as follows of railroads in the Pennsylvania Railroad System, but not directly operated by either of these companies:

P. C. C. & St. L. Ry.....	preferred stock.	\$22,470,700
P. C. C. & St. L. Ry.....	common stock.	16,632,900
P. B. & W. R. R.....	common stock.	25,135,475
Northern Central Ry.....	common stock.	10,577,200

Long Island R. R.....common stock.	\$6,797,900
West Jersey & Seashore R. R...common stock.	4,096,900
Cumberland Valley R. R...1st preferred stock.	238,600
Cumberland Valley R. R...2d preferred stock.	241,750
Cumberland Valley R. R.....common stock.	1,285,850
Cleveland, Akron & Col. Ry...common stock.	2,237,500
Grand Rapids & Indiana Ry...common stock.	2,902,600
Toledo, Peoria & Western Ry...common stock.	1,925,650
Vandalia R. R.....common stock.	11,633,400
Cleveland & Marietta Ry.....common stock.	1,788,500
N. Y., Phila. & Norf. R R...common stock.	2,492,750

On December 31, 1908, the Pennsylvania R. R., the Pennsylvania Co., the Philadelphia, Baltimore & Washington R. R. and the Northern Central Ry. owned capital stock as follows of railroads not in the Pennsylvania Railroad System:

Baltimore & Ohio R. R. (see note).preferred stock.	\$21,273,600
Baltimore & Ohio R. R. " " ..common stock.	21,273,600
Norfolk & Western Ry. " " .preferred stock.	*8,746,000
Norfolk & Western Ry. " " ..common stock.	*8,746,000
N. Y., N. H. & H. R. R.....common stock.	1,000,000

**In 1909, owned \$11,000,000 preferred and \$22,830,000 common stock of the Norfolk & Western Ry.*

Note: Late in the year 1906, the Pennsylvania R. R. sold to the Oregon Short Line R. R. (Union Pacific System) \$7,206,400 preferred stock and \$32,334,200 common stock of the Baltimore & Ohio R. R.; the Pennsylvania R. R. sold also at that time to Kuhn, Loeb & Co., \$2,254,000 preferred stock and \$14,084,000 common stock of the Norfolk & Western Ry. and \$15,630,000 Chesapeake & Ohio Ry. common stock

The stock of the Norfolk & Western Ry. which was sold during 1906 as stated above was re-purchased in April, 1909. The Chesapeake & Ohio Ry. stock sold represented the entire holdings of the Pennsylvania lines.

The securities owned and given above (with the exception of those of the New York, Philadelphia & Norfolk R. R.) include only the stocks of railroads whose income accounts are given in this book.

A statement for the calendar year 1909 is given as follows:

	1909	1908
Gross earnings	\$153,564,790	\$136,297,190
Operating expenses	107,136,109	97,412,009
Net earnings	46,428,681	38,885,181

PENNSYLVANIA CO.

Since 1900 the following dividends have been paid:

'01	'02	'03	'04 & '05	'06	'07 & '08	'09
3%	3%	4%	5%	6%	7%	8%

Dividends are payable semi-annually in June and December.

The dividends paid in 1909 were 3% in June and 5% in December.

The following amounts of capital stock have been sold at par, all to the Pennsylvania R. R. since 1901 (in which year \$21,000,000 was outstanding): \$10,000,000 in 1901 in exchange for securities of roads connected with the Pennsylvania Co.'s System theretofore held in treasury of Pennsylvania R. R.; \$20,000,000 in 1905. In January, 1910, a stock dividend of 33⅓% was declared. This increases the holdings of the Pennsylvania R. R. by \$20,000,000, making a total of \$80,000,000 stock held by the Pennsylvania R. R. (the entire authorized capital stock).

Appropriations from surplus earnings for Extraordinary Expenditures have been made as follows:

Year 1900.....	\$1,000,000
Year 1901.....	1,000,000
Year 1902.....	2,000,000
Year 1903.....	3,000,000
Year 1904.....	2,000,000
Year 1905.....	2,000,000
Year 1906.....	2,500,000
Year 1907.....	2,500,000
Year 1908.....	2,500,000

The Pennsylvania Co. controls by ownership of stock over 3,600 miles of road operated independently, including the Pittsburgh, Cincinnati, Chicago & St. Louis Ry., the Grand Rapids & Indiana Ry., the Cleveland, Akron & Columbus Ry., the Vandalia R. R., etc. On December 31, 1908, the Pennsylvania Co. owned the following stocks of railroads, operated independently whose income accounts are given in this book:

In the Pennsylvania Railroad System:

Cleveland & Marietta Ry.....common stock.	\$1,788,500
Cleveland, Akron & Col. Ry.....common stock.	2,237,500
Grand Rapids & Indiana Ry.....common stock.	2,902,600
P. C. C. & St. L. Ry.....preferred stock.	22,470,700
P. C. C. & St. L. Ry.....common stock.	16,632,900
Toledo, Peoria & Western Ry.....common stock.	1,925,650
Vandalia R. R.....common stock.	11,633,400

Not in Pennsylvania Railroad System:

Baltimore & Ohio R. R. (see note)	preferred stock.	\$5,000,000
Baltimore & Ohio R.R.	" " common stock.	13,451,200
Norfolk & Western Ry.	" " preferred stock.	5,000,000
Norfolk & Western Ry.	" " common stock.	1,500,000

Note.—Late in 1906, all the Pennsylvania Lines' holdings of Chesapeake & Ohio Ry. stock (including \$4,000,000 stock owned by the Pennsylvania Co.) were sold. See under Pennsylvania R. R. regarding sale by that railroad in 1906 of large blocks of stocks of the Baltimore & Ohio R. R. and the Norfolk & Western Ry. The last named stock was repurchased in April, 1909.

The Pennsylvania Co. owned in addition on December 31, 1908, \$10,000,000 stock of the Pennsylvania Tunnel & Terminal R. R. The Pennsylvania Co. contributed in 1908 \$10,000,000 towards the cost of the New York Tunnel and Terminal. The amount so contributed was charged directly to Profit and Loss, this account having at the same time been credited with \$9,308,000, amount transferred from "Contributions to Sinking Fund for 3½% Gold Loan of 1901," being amount of said loan redeemed and cancelled to December 31, 1908.

The Pennsylvania Co. will save a considerable sum in interest charges through refunding in the future, high rate interest bonds. In 1912, for example, \$12,410,000 7% bonds of Pittsburgh, Fort Wayne & Chicago Ry fall due.

In 1901 the Pennsylvania Co. issued \$20,000,000 3½% bonds, guaranteed by the Pennsylvania R. R. The proceeds were used to pay for the stocks of the Pennsylvania and Cambria Steel Companies. The bonds are due November 1, 1916. Each year on November 1, \$1,334,000 are drawn for payment and retired. The payment of this \$1,334,000, together with other sinking-fund payments, amounting to \$611,295, was deducted from the surplus for 1908.

On December 31, 1908, the Pennsylvania Co. owned sundry bonds and stocks (including \$10,000,000 stock of the New York Tunnel Extension), of a par value of \$241,522,455, valued on the company's books at \$174,695,637. The income received from securities in 1908 was \$10,994,374. Included in the stocks owned were \$22,504,100 stock of the Cambria Steel Co., and \$7,000,000 preferred and \$7,388,900 common stock of the Pennsylvania Steel Co. The Cambria Steel Co. paid 3% annually in dividends from 1902 to 1909 inclusive. In 1910 the rate was increased to 5%.

Included in the bonds owned December 31, 1908, were \$28,000,000 4% equipment certificates of Pennsylvania Lines, \$8,000,000 Pennsylvania R. R. Water Supply Trust 4% certificates, \$2,600,000 Long Island R. R. Equipment Trust 4% certificates, \$2,987,000 Grand Rapids & Indiana Ry. Second Mortgage 4%

bonds and \$1,044,000 Toledo, Peoria & Western Ry. First Mortgage 4% bonds.

In order to reimburse the Pennsylvania R. R. Co. for large sums advanced to it toward the cost of betterments, for the purchase of additional equipment and further corporate purposes, the Pennsylvania Co. issued on April 1, 1904, its collateral obligations to the amount of \$50,000,000 bearing interest at 4½% and running for eighteen months, the payment of which was guaranteed by the Pennsylvania R. R. These notes were retired on October 1, 1905. Funds were provided in large part through sale of capital stock and 3½% Guaranteed Trust Certificates. In 1906 there was sold a new issue of \$50,000,000 Gold Notes, bearing 4½% interest. These matured November 1, 1907, and were paid out of cash on hand and the proceeds of \$36,393,432 Oregon Short Line R. R. 4% Notes which were held in the Treasury. These Oregon Short Line R. R. Notes had been taken in payment of securities sold. In addition \$20,000,000 4% bonds due 1931 were sold in 1906 and a \$48,262,548 French loan was negotiated, bearing 3¾% interest, and payable, principal and interest, in francs. The proceeds of these Notes and the French loan were turned over to the Pennsylvania R. R. in exchange for Car Trust and Water Certificates, and other securities, and the money used by the Pennsylvania R. R. to pay for equipment and completion of a comprehensive water supply system.

For the year 1909, the gross earnings of the Pennsylvania Lines west of Pittsburgh and Erie (directly operated) increased \$14,091,800, and the net earnings increased \$5,014,200. Included in these totals are the lines operated by the Pennsylvania Co. and other lines west of Pittsburgh.

PHILADELPHIA, BALTIMORE & WASHINGTON R. R.

The Philadelphia, Wilmington & Baltimore R. R. and the Baltimore & Potomac R. R. companies (the latter formerly leased line), were consolidated on November 1, 1902, into the Philadelphia, Baltimore & Washington R. R. Under the agreement of consolidation there was issued \$17,724,150 capital stock of the new company in exchange for \$11,816,100 stock of the Philadelphia, Wilmington & Baltimore R. R. and \$2,765,000 stock in exchange for \$5,530,000 stock of the Baltimore & Potomac R. R. Also in accordance with the provision of the agreement of consolidation, \$3,000,000 of Baltimore & Potomac R. R. 5% Consolidated Mortgage bonds held by the Pennsylvania R. R. were exchanged for a like amount of stock of the new company, thus making the outstanding stock of the Philadelphia, Baltimore & Washington R. R. \$23,489,150. In 1907, there

was sold to stockholders at par \$1,644,400 new stock, the proceeds being applied toward improvements. The amount outstanding on December 31, 1908, was \$25,138,050, of which the Pennsylvania R. R. owned \$25,135,475.

This company is paying dividends at the rate of 4% per annum, payable semi-annually, June and December.

The Philadelphia, Baltimore & Washington R. R. owned among other securities, as of December 31, 1908, \$1,048,700 common stock and \$1,000,000 preferred stock of the Baltimore & Ohio R. R., \$2,497,150 of the \$2,499,184 stock of the Philadelphia & Baltimore Central R. R. and \$2,061,000 stock (one-half) of the Washington Terminal Co. See under Pennsylvania R. R. as to sale by that company in 1906 of Baltimore & Ohio R. R. stock.

From the surplus of 1908, 1907, 1906, 1905 and 1904 there was appropriated for Extraordinary Expenditures, \$433,513, \$998,720, \$1,842,810, \$1,714,023 and \$1,180,513 respectively and from the surplus of 1903 about \$2,000,000. These followed similar large appropriations by the Philadelphia, Wilmington & Baltimore R. R. in previous years.

The Philadelphia, Baltimore & Washington R. R. sold in the spring of 1904, \$10,570,000 of an authorized issue of \$20,000,000 First Mortgage 40-year 4% bonds, the proceeds to be applied toward the payment of the large capital expenditures being made between Philadelphia and Washington. The balance of the authorized issue, \$9,430,000, is reserved to retire an equal amount of debentures and prior liens upon the property.

This company and the Baltimore & Ohio R. R., jointly and severally guarantee \$12,000,000 Washington Terminal Co. 3½% bonds of 1945. The authorized issue of these bonds is \$12,000,000; all are outstanding. The guarantor companies each own one-half of the stock of the Washington Terminal Co. The terminal and approaches were completed in 1907. Other tenants besides the guarantor companies are the Southern Ry., Washington Southern Ry. and Chesapeake & Ohio Ry.

The Philadelphia, Baltimore & Washington R. R. received in 1908 the sum of \$1,500,000 from the United States Government, a sum authorized by Congress towards cost of "Construction of Revised Line through Washington, D. C." Certain properties formerly held by the P. B. & W. R. R. were turned over to the Government upon the payment of this sum.

The balance sheet of December 31, 1907, showed Accounts Payable (not included in Current Liabilities) \$6,081,505. This indebtedness, representing amounts advanced for capital expenditures, was liquidated in 1908 and there were sold in that year \$5,000,000 4% Serial Debentures. These debentures mature \$500,000 annually from January 1, 1915 to January 1, 1924. They are to be secured by any new mortgage.

The earnings for the calendar year 1909 compare as follows:

	1909	1908
Gross earnings	\$17,621,249	\$16,204,449
Operating expenses	12,859,128	12,085,128
Net earnings	4,762,121	4,119,321

PITTSBURGH & LAKE ERIE R. R.

Dividends have been paid since 1892 as follows:

1892 to 1906	1907	1908	1909
10% yearly	12%	11%	10%

In February, 1910, in addition to the regular semi-annual dividend of 5%, an extra cash dividend of 40% was paid.

On December 31, 1908, a majority of the stock, \$5,000,100 was owned by the Lake Shore & Michigan Southern Ry; in 1909 these holdings were increased to \$7,500,150, the capital stock outstanding having been increased to \$15,000,000. In January, 1910, stockholders were given the privilege of subscribing at par for \$6,000,000 additional stock, in the proportion of 40% of their respective holdings.

From July 1, 1902, to January 1, 1910, \$11,000,000 of the \$15,000,000 outstanding capital stock was issued for cash at par to stockholders. The proceeds were used for improvements, etc., including a large amount of four-tracking of the company's road. Early in 1907 the stockholders authorized an increase to \$30,000,000 in the capital stock; \$5,000,000 new stock (included above) was sold at par to stockholders in January, 1909.

On November 2, 1905, the Pittsburgh & Lake Erie R. R. made a first and partial payment to the Little Kanawha Syndicate toward the acquiring of railroad properties and franchises in West Virginia, Ohio and Pennsylvania, controlled by it. The purchase included the Little Kanawha R. R., Burnsville & Eastern R. R., Buckhannon & Northern R. R., Belington & Northern R. R., Parkersburg Bridge & Terminal Ry., Marietta, Columbus & Cleveland R. R., Zanesville, Marietta & Parkersburg R. R., and other properties. On the same date the company acquired by purchase the entire holdings of the Green County R. R. Syndicate, owning railroad properties and franchises in Green and Washington Counties, Pennsylvania. The advances account of the Little Kanawha Syndicate, to December 31, 1908, were \$4,177,180. The Marietta, Columbus & Cleveland R. R. (45 miles) has since been placed in the hands of receivers, has been sold under foreclosure and reorganized.

\$200,000 stock and \$200,000 bonds (entire issues) of the Lake Erie, Youngstown & Southern R. R. were purchased during 1907. A half interest in the latter company was later sold to the Mahoning Coal R. R., and from that company a half interest in the Lake Erie & Eastern R. R. was purchased.

From the surplus for 1908, \$2,743,906 was deducted for new construction (addition betterments) and for new equipment, against \$4,543,171 so deducted in 1907 and \$4,933,415 so deducted in 1906.

The credit balance to Profit & Loss as of December 31, 1908, was \$10,366,206.

The Pittsburgh & Lake Erie R. R. has about the largest average gross earnings per mile of any railroad treated of in this book. The maintenance expenses are phenomenally large.

The earnings for the calendar year 1909 compare as follows:

	1909	1908
Gross earnings	\$14,838,947	\$10,382,620
Operating expenses	6,419,205	5,372,667
Net earnings	8,419,742	5,009,953

READING CO.

The Reading Co. owns the securities, real estate, equipment, etc., of the old Philadelphia & Reading R. R. Co., also the \$20,000,000 stock and \$20,000,000 purchase money bonds of the Philadelphia & Reading Ry. Co. and the \$8,000,000 stock of the Philadelphia & Reading Coal & Iron Co. In acquiring the above the Reading Co. issued its own securities.

The first and second preferred stocks are limited to non-cumulative dividends at the rate of 4% per annum in order of priority. The company has the right to convert the second preferred stock into one-half of first preferred and one-half common stock.

Dividends have been paid since 1901 as follows:

	'01.	'02.	'03.	'04	'05.	'06 to '09.
First preferred %....	4	3	4	4	4	4 yearly (M.&S.)
Second preferred %..	0	0	1½	4	4	4 yearly (M.&N.)
Common %.....	0	0	0	0	3½	4 yearly (F.&A.)

In February, 1910, 3% was paid on the common stock, placing it upon a 6% basis.

It was announced in January, 1903, that the Baltimore & Ohio R. R. and Lake Shore & Michigan Southern Ry. had purchased control of the Reading Co.

On June 30, 1909, the Baltimore & Ohio R. R. owned \$6,065,000 first preferred, \$14,265,000 second preferred and \$10,002,500 common stock, and the Lake Shore & Michigan Southern Ry. owned on December 31, 1908, equal amounts of Reading Co.'s stocks.

As of June 30, 1909, the Reading Co. owned \$14,504,000 stock of the Central R. R. of New Jersey and \$1,000,000 stock of the Lehigh Valley R. R. In addition to the mileage operated by the Philadelphia & Reading Ry. the Reading Co. owns interests in 1,127 miles of road (this total including the Central R. R. of New Jersey, 648 miles).

To acquire its interest in the Central R. R. of New Jersey stock, the Reading Co. issued in 1900, \$23,000,000 4% bonds.

The earnings of the Philadelphia & Reading Coal & Iron Co. since 1902-3 have been reported as follows:

	Gross Income.	Expended for Improvements at Collieries.	Profit.
1902-3	\$23,279,241	\$867,330	\$770,245
1903-4	35,251,174	1,273,035	915,226
1904-5	36,099,420	1,730,975	167,878
1905-6	34,038,540	1,131,038	loss 130,746
1906-7	38,741,562	1,345,229	loss 71,482
1907-8	38,014,421	1,286,011	207,524
1908-9	34,792,694	1,172,205	66,974

From the surplus as shown on the statistical page was deducted \$2,977,927 (against \$2,223,670, \$3,193,163 and \$4,670,390 so deducted from surplus of 1907-8, 1906-7 and 1905-6, respectively), representing amount expended in 1908-9 for improvements. This sum includes the \$1,172,205 above, expended on improvements at collieries by the Coal & Iron Co. Similar large deductions were made in previous years. From the surplus was deducted also \$472,669 paid to the Trustee of the General Mortgage, being the amount required for the Sinking Fund. To June 30, 1909, \$4,454,000 General Mortgage bonds had been purchased and cancelled for the Sinking Fund.

Of the total tonnage carried, merchandise traffic (all other than coal) contributed 18,452,888 tons, anthracite coal contributed 11,586,839 tons and bituminous coal, 10,574,314 tons. Total merchandise traffic earnings were \$13,546,727 and total coal traffic earnings were \$17,698,227.

It has been estimated that the total unmined coal supplies controlled by the Reading Co. approximate 2,450,000,000 tons of anthracite..

About \$21,000,000 6% and 7% bonds of the Philadelphia & Reading Ry. Co. mature in 1910 and 1911.

Notwithstanding the fixed charges created since December 1, 1896, being interest on bonds and other obligations issued in payment of \$15,821,129 of new equipment and interest of \$920,000 upon the Jersey Central Collateral Gold Bonds and other interest, the fixed charges and taxes in 1903-4 were less than \$500,000 greater than on December 1, 1896, when the voting trustees assumed control of the reorganized companies. From December 1, 1896, to June 30, 1904, the Railway Co. expended for improvements and betterments, in addition to the ordinary expenditures for maintenance and repairs, \$8,582,421. The Coal & Iron Co. expended during that period \$5,870,505 for new work at collieries. None of these expenditures was charged to capital account. The Railway

Co. accumulated also \$1,000,000 Insurance Fund. The Coal & Iron Co. paid off \$3,600,000 6% Coal Trust Certificates. In addition the Sinking Funds were all kept up.

In the annual report for 1905-6 the President called attention to the fact that a comparison of the balance sheet of the Reading Co. of June 30, 1898, the first published after reorganization, and of the balance sheet of June 30, 1906, showed an increase of funded indebtedness of \$40,770,871. This increase included the \$23,000,000 bonds issued to purchase stock of the Central R. R. of New Jersey and \$11,951,000 General Mortgage bonds, of which \$2,908,000 were issued to take up other obligations and \$4,507,000 remained on June 30, 1906, in the company's treasury. \$4,536,000 General Mortgage bonds had been sold and the proceeds invested principally in new equipment. Bonds and mortgages on real estate amounting to \$282,871 had been sold since 1898. The President explained that practically all the bonds and funded indebtedness created during this period had been issued for securities from which the income derived more than offset the charges imposed upon the company by their issuance. He summed up his remarks as follows: "It is, therefore, apparent that, eliminating the \$4,536,000 General Mortgage bonds that have been sold, and the \$4,242,000 Car Trust certificates outstanding for the purchase of equipment, which equipment has enabled the Philadelphia and Reading Railway Co. to increase its receipts so largely, the only additional burden that has been imposed upon the company or any of its proprietary companies by the \$40,770,871 increased funded indebtedness, is that which was entailed by the \$282,871 bonds and mortgages on real estate and ground rents above mentioned."

During the years 1906-7, 1907-8 and 1908-9 the funded debt was not appreciably increased.

As of June 30, 1909, in comparison with December 1, 1896, the total value of rolling equipment and floating equipment in the possession of the Reading Co., including that owned and that leased, had increased \$26,993,982 (from \$18,430,706 to \$45,424,688). This increase had been contributed: by Reading Co. \$19,121,873, and by outstanding Car Trusts, \$7,872,110.

The Reading Co. owns the total (\$1,000,000) capital stock of the Reading Iron Co. 6% annual dividends have been paid regularly on the capital stock of this company, and in 1908-9 an extra dividend of \$1,500,000 (150%) was paid. Several years ago it was made necessary to enlarge, rebuild and modernize the various plants of the Reading Iron Co. to enable it to compete with other companies engaged in similar business. This work involved large expenditures, which have been paid for out of the earnings.

In 1900 the Reading Iron Co. had acquired property and perfected plans for the erection of a steel plant to supply its works with the steel required in its manufacturing business. Before the actual construction was begun, an opportunity presented itself for the acquisi-

tion of an interest in the Pennsylvania Steel Co., and it was deemed wise policy to purchase stock in that company, instead of building a steel plant. The Reading Iron Co. owned on June 30, 1906, 61,671 shares of the preferred and common stock of the Pennsylvania Steel Co.; the purchase price was paid for out of the earnings of the company. The balance sheet, as of June 30, 1909, showed assets amounting to \$14,341,531. The outstanding mortgage bonds, after deducting the Sinking Fund securities deposited with the Trustee, amounted to \$282,891, and the current liabilities, with accrued interest and dividends, amounted to \$177,319.

ULSTER & DELAWARE R. R.

No dividends are paid on the stock of this company.

From the surplus of 1905-6 there was appropriated the sum of \$99,248 as a reserve for Additions and Betterments. In 1904-5, 1903-4 and 1902-3, \$50,000 each was appropriated to this account. The balance to credit of fund for Additions and Betterments was on June 30, 1909, \$94,718.

Current Assets on June 30, 1909 (not including \$103,734 material and supplies), were \$235,578, and Current Liabilities were \$148,236.

There was a credit balance to Profit and Loss on June 30, 1909, of \$576,994.

There was to the credit of Reserve for Replacement on June 30, 1909, \$66,976.

In 1908-9 anthracite coal contributed 50.7% of the total freight tonnage as against 55.5% in 1907-8, 50% in 1906-7, 56.3% in 1905-6, 58.5% in 1904-5 and 57% in 1903-4.

WEST JERSEY & SEASHORE R. R.

The guaranteed stock receives 6% per annum in June and December. The common stock received 6% per annum in March and September, 1906 and 1907, the dividend rate having been increased in September, 1905, from 5%. Rate reduced to 4% March, 1908, which rate was paid in 1908, also in March, 1909. In September, 1909, 2½% was paid.

The Pennsylvania R. R. owned as of December 31, 1908, \$4,096,900 of the common stock of this road. In October, 1904, the stockholders subscribed to \$1,264,000 new common stock at par, and in April, 1906, the stockholders subscribed to \$3,425,550 new common stock at par. The proceeds derived from the sale of stock in 1906 were used to provide, in part, for the expense of electrification of a considerable portion of the railroad, namely,

from Camden via Newfield to Atlantic City and from Newfield to Millville, and for other necessary improvements and facilities.

The West Jersey & Seashore R. R. has a traffic agreement with the Atlantic City & Shore R. R. (electric line) and has an option to purchase a majority of its \$1,000,000 capital stock between May 1, 1913, and May 1, 1918.

From the surplus earnings of 1905, \$332,990 was deducted account of Extraordinary Expenditures. Similar deductions were not made in 1906 and 1907, but in 1908, \$78,200 was so deducted.

From the surplus of 1904, \$131,254 was deducted account of Extraordinary Expenditures and \$200,000 was transferred to Extraordinary Expenditure Fund.

The entire surplus earnings for 1901, 1902 and 1903 were transferred to Extraordinary Expenditure Fund. In 1900 and 1899, there were transferred to this fund \$272,888 and \$246,357 respectively.

\$1,089,000 5% and 6% bonds mature prior to June, 1912. \$751,500 additional 6% bonds matured November 1, 1909. To provide for the payment of these bonds the company sold in October, 1909, \$750,000 First Consolidated Mortgage 4% bonds.

Of the total gross earnings in 1908 freight traffic contributed only \$1,445,748 (28%).

Accounts Payable as of December 31, 1908, being expenditures for construction and equipment purposes, amounted to \$3,690,124. Early in 1909 there was applied to the reduction of this indebtedness \$2,296,528, which sum was received from the Pennsylvania R. R. in payment for the West Jersey & Seashore R. R.'s one half capital interest in the Camden Terminal.

Earnings for the calendar year 1909 compare as follows:

	1909	1908
Gross earnings	\$5,899,158	\$5,471,958
Net earnings	1,576,016	1,318,316

ANN ARBOR R. R.

The preferred stock is entitled to and is limited to non-cumulative dividends of 5% per annum. No dividends had been paid on this stock to January, 1910.

On June 30, 1909, the Detroit, Toledo & Ironton Ry. owned \$3,102,400 preferred stock and \$2,190,000 common stock of the Ann Arbor R. R. These two railroads form what is known as the Detroit, Toledo & Ironton—Ann Arbor System.

The annual report for 1906-7 of the operation of this System showed the earnings and financial condition of each company separately. Separate annual reports were issued for 1907-8 and 1908-9. See under Detroit, Toledo & Ironton Ry. for income ac-

count of that company showing a deficit for the year 1908-9, of \$685,257. See below regarding receivership of Detroit, Toledo & Ironton Ry.

In February, 1906, the Detroit, Toledo & Ironton Ry. offered to purchase the remainder of the preferred stock of the Ann Arbor R. R. for its par value in Consolidated Mortgage 4½% bonds of the former company. A small amount of the preferred stock was thus exchanged.

From the date of the reorganization in 1895 until 1904-5 the operating expenses were heavily charged for improvements, additions, etc. In the several yearly official reports the following sums approximately have been specifically mentioned as having been appropriated from earnings and included in operating expenses for "new and additional property":

Year 1897-8.....	\$111,000
Year 1898-9.....	250,000
Year 1899-0.....	277,000
Year 1900-1.....	179,000
Year 1901-2.....	150,000
Year 1902-3.....	120,000
Year 1903-4.....	76,000

In the reports for the years 1904-5 to 1908-9 inclusive, the amounts charged to operating expenses for improvements were not stated. The aggregate of these expenditures, from May 1, 1893, to June 30, 1904, thus specifically mentioned as charged direct to improvements and additions, was \$2,766,236.

In 1908-9, \$4,153 was deducted from surplus earnings for Betterments.

As of June 30, 1909, main track contained:

48 miles of 85-pound steel,	1 mile of 67-pound steel,
33 miles of 80-pound steel,	2 miles of 60-pound steel,
165 miles of 70-pound steel,	42 miles of 56-pound steel.

The balance sheet of June 30, 1909, showed Current Assets, not including \$191,539 materials and supplies, \$1,141,576, of which \$612,653 was cash, and Current Liabilities, including interest and taxes accrued, \$495,912. The credit to Equipment Replacement Account was \$165,781.

On February 1, 1907, Receivers were appointed for the Detroit, Toledo & Ironton Ry., that company having defaulted in the payment of the February interest on its 4½% Consolidated Mortgage bonds.

In November, 1909, the Ann Arbor R. R. assumed control of the Manistique & Lake Superior R. R. This road, which has been through numerous receiverships, operates about 65 miles of road in the Northern Peninsula of Michigan, together with a car ferry. The road during 1906 and 1907 was owned by the

Grand Rapids & Indiana Ry. The Manistique & Lake Superior R. R. has \$250,000 stock and \$1,300,000 Income Bonds outstanding, and earned in 1908-9, gross \$73,051 and net \$7,978. Earnings from Outside Operations, (largely car ferry earnings) were gross, \$49,938, and net, \$2,143. Net earnings after taxes deducted were \$2,009.

See under Detroit, Toledo & Ironton Ry.

CHICAGO & ALTON R. R.

See under Toledo, St. Louis & Western R. R. regarding purchase in August, 1907, by that company of the majority of the stock of the Chicago & Alton R. R.

On March 14, 1906, the consolidation was effected of the old Chicago & Alton R. R. Co. with the Chicago & Alton Ry. Co. under the name of the Chicago & Alton R. R. The stockholders of the Railway, under the consolidation agreement, exchanged their stock, share for share, for the preferred and common stock of the new company. The few shares of stock of the old Railroad, which were in the hands of the public, were exchanged for the cumulative 4% prior lien and participating stock of the new company. Except for the issuance of the latter stock, the capital stock of the new company is the same, in character and amount, as the former Railway Company's stock.

The cumulative prior lien stock is entitled, in addition to prior right to cumulative dividends at the rate of 4% per annum, to receive additional dividends equal to the rate of dividends, if any, declared on the common stock. The preferred stock is entitled to non-cumulative dividends at the rate of 4% per annum. The prior lien stock and preferred stock are receiving each 4% per annum in semi-annual installments, January and July. On August 15, 1908, an initial dividend of 1% was paid on the common stock; in February, 1909, a dividend of 2% was paid. The common stock is now receiving 4% per annum.

The surplus for the year 1908-9 (after large reduction in maintenance expenses) was \$1,666,261 and the company paid out in dividends \$1,633,816. There was charged to Profit and Loss account \$291,065 for "proportion of discount notes and bonds sold." The balance sheet of June 30, 1909, showed Current Assets (including \$677,175 material and supplies) \$2,710,123 and Current Liabilities \$4,011,402. The credit balance to Profit and Loss on June 30, 1909, was \$440,009.

During the past ten years extensive work has been carried on in improving the roadbed and equipment. Expenditures for improvements and equipments for the three years ending July, 1903, were \$12,943,329. During the seven fiscal years to June 30, 1906:

Tie renewals in main track covered	77.4%	of the mileage.
Rails	70.4%	" "
Ballast	56.9%	" "
Joints	87.1%	" "
Frogs	136.4%	" "
Switches	108.2%	" "

Between June, 1899, and June, 1909, the total tractive power of the locomotives in service had been increased 159%; the total capacity of the freight equipment in service had been increased 263% and the average capacity per car had been increased within this period 85%.

As of June 30, 1909, main track contained:

857 miles of 80-pound steel, 116 miles of 70-pound steel,
53 miles of 75-pound steel, 102 miles other weights.

As of June 30, 1909, the ballast consisted of 646 miles of stone, 130 miles of gravel, 203 miles of cinders, 59 miles of slag; total 1,039 miles; while 88 miles of branch lines were not ballasted.

Money is deposited in bank to pay the existing underlying bonds at maturity.

Of the old Railroad 3% bonds, \$8,000,000 were issued in 1903-4 to the old Railway for advances made for improvements, and these were used as collateral for the \$6,000,000 5% 5-year collateral Notes dated 1907. These bonds were sold early in 1909, and the Notes called for payment on July 1, 1909.

In September, 1904, \$5,350,000 Railroad 3% bonds were authorized in excess of \$40,000,000, the original issue.

On June 30, 1907, the Chicago, Rock Island & Pacific Ry. owned \$6,380,000 preferred stock and \$14,420,000 common stock of the Chicago & Alton R. R. Co., acquired for the most part in the year 1904-5. In August, 1907, practically these entire holdings were sold by the Chicago, Rock Island & Pacific Ry. to the Toledo, St. Louis & Western R. R. See under latter company for terms of purchase. On June 30, 1909, the Union Pacific R. R. owned \$10,343,100 preferred stock of the Chicago & Alton R. R.

"The Air Line," a cut off from Iles, Illinois, to Murrayville, Illinois (34 miles) was put in operation September 28, 1907. This shorter route reduces the schedule time for fast limited passenger trains between Chicago and Kansas City, one hour.

CHICAGO & EASTERN ILLINOIS R. R.

The preferred stock is limited to non-cumulative dividends of 6% per annum. The preferred and common stocks received respectively 6% and 8% in 1903-4. In 1904-5, 6% was paid on the preferred stock and 5% was paid on the common stock. In 1905-6 8% was paid on the common stock, and in 1906-7 and 1907-8, 10% was paid. Also there was charged to Profit and Loss in 1905-6, \$360,890 representing dividend of 5% on common stock, as an extra

dividend from the surplus earnings for the three years previous. In 1908-9, 6% was paid on the preferred stock; the common stock dividend was reduced from 10% to 2%. In January, 1910, the dividend was increased, a semi-annual dividend of 5% having been paid. Preferred dividends are paid quarterly, beginning January.

In January, 1905, \$2,000,000 additional preferred stock (sold at 120%) was listed, making total listed, \$8,830,700. The majority of the \$2,000,000 was issued at \$10,000 per mile on account of new railroad constructed, and is deposited against a like amount of St. Louis & San Francisco R. R. preferred stock trust certificates. See below.

On June 30, 1909, the St. Louis & San Francisco R. R. held about 70% (or \$6,211,700) of the preferred and all of the common stock of this road. This stock was acquired under an offer by the St. Louis & San Francisco R. R. to give a \$100 preferred stock trust certificate bearing 6% interest for each \$100 share of preferred stock and a \$100 common stock trust certificate bearing 10% interest for each \$100 share of common stock. The St. Louis & San Francisco R. R. agrees to pay \$150 in gold and \$250 in gold for the preferred stock certificates and common stock certificates respectively, on or before July 1, 1942. Interest on the stock certificates is paid quarterly on preferred, as for dividends above, and semi-annually on common certificates, in January and July.

In 1905 the holders of a majority of the common stock trust certificates, preferring to have a security redeemable at par instead of at the rate of \$250, exchanged these certificates for a new form in the denomination of \$1,000 each, representing the deposit of four shares of stock. Interest on these latter certificates is payable at the rate of 4%, so that both the income and principal are unchanged—only the form of security being changed.

From surplus earnings the following amounts have been appropriated for construction, betterments, equipment and depreciation:

Year 1899-0.....	\$129,205
Year 1900-1.....	317,245
Year 1901-2.....	607,172
Year 1902-3.....	920,647
Year 1903-4.....	400,121

There were added to the operated mileage during the year 1904-5, 107 miles, of which 82 miles from Pana, Ill., to East St. Louis, Ill., under a 999-year lease of the Cleveland, Cincinnati, Chicago & St. Louis Ry., dated November 1, 1902.

Main, second and third track (owned or leased), June 30, 1909, contained:

195 miles of 85-pound steel,	149 miles of 65-pound steel,
350 miles of 80-pound steel,	254 miles of 60-pound steel,
57 miles of other weights.	

In 1904-5 the Chicago & Eastern Illinois R. R. acquired \$2,-678,100, or about two-thirds of the common stock of the Evansville & Terre Haute R. R. Co.; to June 30, 1909, the amount owned had been increased to \$3,186,450.

In 1905-6, \$6,000,000 4% bonds of a new issue, the Refunding and Improvement Mortgage, were sold; of these bonds \$5,000,000 were issued for reimbursement for expenditures for improvements, from July 1, 1902, to June 30, 1905. To June 30, 1909, there had been issued \$12,855,000 Refunding and Improvement Mortgage bonds (of which \$2,955,000 were held in treasury). The total amount of bonds authorized under this mortgage is \$55,000,000, of which \$34,626,000 are reserved to retire prior bonds.

In 1905-6, \$6,900,000 (outstanding June 30, 1909, \$4,705,000) new Equipment Gold 4½% Notes, Series E & F, were sold. The Series F Notes (outstanding June 30, 1909, \$3,080,000) amounted to \$4,-400,000 and are dated August 1, 1906. Series G Notes (of which \$2,108,000 were outstanding June 30, 1909,) were sold in 1907-8. The annual payments for principal of all Equipment bonds and notes amount to about \$1,435,000.

Bills Payable June 30, 1909, were \$1,425,000.

An interesting comparison may be made of the stocks of the Chicago & Eastern Illinois R. R. and of the Buffalo, Rochester & Pittsburgh Ry.

CHICAGO & NORTHWESTERN RY.

The preferred stock is entitled to non-cumulative dividends of 7% per annum. After the common has received 7% the preferred receives 3% additional. After 10% has been paid on the common, both issues share alike. Preferred dividends payable quarterly, January; common dividends payable semi-annually, January and July. In 1909 preferred stock received 8% and common 7%.

A special meeting was held on February 10, 1903, to increase the authorized issue of common stock from \$41,448,366 to \$77,-601,045, so that the entire capital stock (including the existing preferred stock) would be \$100,000,000. At this meeting it was also voted to purchase the railroad franchises and property of the Fremont, Elkhorn & Missouri Valley R. R. Co. The stock of the latter had been owned and its bonds guaranteed by the Chicago & Northwestern Ry. The line of the Fremont, Elkhorn & Missouri Valley R. R. has been operated as a part of the System since February 16, 1903.

For the year ending May 31, 1902, the latter road earned gross, \$4,589,449, net, \$1,582,715, and surplus, \$334,056. Average mileage operated in that year was 1,363 miles.

In October, 1906, the authorized issue of common stock was

increased to \$177,604,800, so that the entire capital stock (including the existing preferred stock) would be \$200,000,000.

In February, 1903, stockholders subscribed to \$1,226,110 new common stock at par, in July, 1905, to \$10,609,200 additional stock at par, and in May, 1906, to \$16,267,400 at par, raising the amount outstanding to \$75,217,300. Early in 1907, \$24,401,625 new common stock was offered for subscription at par, to stockholders of record February 2, 1907, payments to be made in full on or before March 16, 1907. Thus in the period of about four years, from February, 1903, to March, 1907, over 60% of the entire issue, or \$60,504,335 of a total of \$99,612,339 common stock, was sold by the company at par for cash.

Stockholders of record January 10, 1910, were given the right to subscribe at par for common stock to the extent of 25% of their respective holdings. Payments were required to be made in full on or before February 14, 1910. This issue of new stock brings the amount of common stock outstanding to about \$130,000,000, of which over \$60,000,000 or 60% was sold at par for cash in a period of seven years.

The following sums have been appropriated from surplus earnings for construction, improvements, etc.:

Year 1899-0.....	\$4,542,042
Year 1900-1.....	4,169,526
Year 1901-2.....	4,697,055
Year 1902-3.....	5,013,418
Year 1903-4.....	4,000,000
Year 1904-5.....	4,600,000
Year 1905-6.....	6,000,000

The Chicago & Northwestern Ry. will likely save in interest charges a considerable sum through refunding in the next eight years of high-rate interest bonds. A large additional saving will likely be made in subsequent years. The annual saving in interest on the total amount of bonds refunded to January 1, 1910, with General Mortgage bonds of 1987, amounts to over \$1,100,000.

100,000.

\$4,901,000 bonds, mostly bearing interest at 6% and 7% per annum, matured during 1907-8 and were paid off with available funds from the company's treasury. \$8,269,000 bonds and debentures matured between March 1, 1909, and November 1, 1909, and were paid off. The net increase in bonds outstanding on June 30, 1909, as against the previous year, was \$13,671,000. The interest accrued on funded debt for the fiscal year increased only \$100,853.

The equity of the Chicago & Northwestern Ry. in the undivided profits of the Chicago, St. Paul, Minneapolis & Omaha Ry. has been and is considerable.

The total acres remaining in the several land grants June 30, 1909, amounted to 372,405 acres.

During the year 1905-6, the Chicago & Northwestern Ry. acquired \$4,100,000 preferred stock of the Union Pacific R. R. This stock was carried in the balance sheet at a cost of \$3,840,000. On June 30, 1909, \$4,171,500 stock was owned, valued at \$3,910,576.

On June 30, 1909, the Oregon Short Line R. R. (Union Pacific System) owned \$3,215,000 common stock of the Chicago & Northwestern Ry.

In 1906, it was announced that the Chicago & Northwestern Ry. would spend \$20,000,000 on new terminal improvements in Chicago. This terminal is under construction and will be completed in 1910. Over \$10,000,000 had been expended on this work to June 30, 1909.

Comparison of the annual reports for the year 1908-9 of the Chicago & Northwestern Ry. and Chicago, Milwaukee & St. Paul Ry. shows:

1. That operating 123 miles more of road the Northwestern's gross income was greater in 1908-9 by \$8,619,163 than St. Paul's. (The Pacific Extension of the latter is not included.)

2. That the Northwestern has for years appropriated from earnings relatively larger sums for improvements, etc.

3. That while its average rate of dividends has been higher the Northwestern has paid out in dividends a smaller amount of money than has St. Paul.

4. That the St. Paul, during its last fourteen years, has earned \$646,300,000, and paid out in dividends \$91,100,000 or 14.1% of the gross income, while the Northwestern earned for the same period \$711,200,000, and paid in dividends \$74,000,000, or 10.4% of its gross income. (The dividends paid by the St. Paul on the new stock issued for the Pacific Extension are not included.)

5. That after the payment of interest, taxes and sinking fund charges, and all operating expenses, other than maintenance, the Northwestern has had available for maintenance and improvements and for other corporate uses \$274,700,000 from its gross income for fourteen years. The St. Paul has had available in like manner about \$258,900,000.

6. That the average mileage operated by the Northwestern for the fourteen years ending June 30, 1909, was 6,434 miles against 6,687 miles operated by the St. Paul.

CHICAGO, BURLINGTON & QUINCY R. R.

In 1901 this road was leased to the Chicago, Burlington & Quincy Ry., for 999 years from October, 1901, at 7% per annum on the stock. This lease was abrogated on July 1, 1907, the Railroad Company resuming operation. In October, 1907, a quarterly dividend of 2% was paid and an extra dividend of 6%. In January, 1908, a quarterly dividend of 2% was paid, and the annual rate of 8% was maintained throughout the years 1908 and 1909.

In 1904, the Great Northern Ry. and Northern Pacific Ry. acquired \$107,611,600 of the Chicago, Burlington & Quincy R. R. stock (\$110,839,100) in exchange for their joint 20-year 4% gold bonds, secured by the deposit of the stock in trust, on the basis of \$200 in bonds for each \$100 in stock. In 1908-9 only about \$258,000 was paid in dividends on stock not deposited as a collateral for Northern Pacific—Great Northern joint bonds.

On June 30, 1909, there were outstanding \$33,185,000 bonds bearing interest of from 5% to 7%. Of these \$6,956,000 6% bonds mature March 1, 1911, \$8,937,000 5% bonds mature May 1, 1913, and \$13,624,000 6% bonds mature July 1, 1918. On July 1, 1903, \$21,699,000 Consolidated 7% bonds matured, but these were extended for two years at 4%. Funds were provided for the retirement of the Consols by the sale of Illinois Division 4% bonds, which latter bonds are now an absolute first mortgage on the company's terminals in Chicago and points on and east of the Mississippi River, and on all lines east of the Mississippi River (1,647 miles).

To June 30, 1909, there had been purchased and cancelled for the Sinking Fund \$11,740,000 bonds, and purchased and kept alive \$18,443,100, at a cost of \$29,390,560.

The general balance sheet of June 30, 1909, showed the following items among the liabilities:

Relief Department Fund.....	\$71,187
Fire Insurance Fund.....	692,048
Renewal Fund.....	10,000,000
Income Account.....	40,672,762
Profit and Loss.....	14,187,325
Sinking Fund.....	30,262,165
	\$95,885,487

In November, 1907, the Sioux City & Western R. R., from Sioux City, Iowa, to Ashland, Nebraska, with a branch to O'Neill, Nebraska, (229 miles), was purchased, the cost of same being \$5,636,708. This road was merged in October, 1908.

In January, 1909, it was announced that the Chicago, Burlington & Quincy R. R. had purchased control of the Colorado & Southern Ry. (See that company.) The cost of the securities purchased as shown by the balance sheet of the "Burlington" on June 30, 1909, was \$16,416,338.

A General Mortgage was created in 1908 under which bonds were authorized to the extent of \$300,000,000, bearing interest at a rate of not to exceed 5% per annum. These bonds are a first lien on 2,906 miles of road, and on retirement of outstanding underlying bonds will be a first mortgage on the entire mileage owned (8,494 miles). These bonds have been issued or are issuable for the following purposes:

Reserved to retire underlying bonds aggregating \$167,565,000 (of which \$17,428,300 were held in Sinking Funds), and for the expenses of retiring said underlying bonds	\$177,000,000
Issuable to reimburse the company for outlays already made by it for betterments and additions.....	45,000,000
Issuable for additions, improvements and betterments on the mortgage property.....	78,000,000
	\$300,000,000

\$16,000,000 of these bonds bearing interest at 4% per annum were sold early in 1907-8, and \$24,522,000 bonds were sold in 1908-9, making the amount outstanding June 30, 1909, \$40,522,000. Of the bonds issued in 1908-9, \$13,724,000 were used to purchase \$23,657,500 common stock of the Colorado & Southern Ry. They are due March 1, 1958.

CHICAGO GREAT WESTERN R. R.

The interest due January 15, 1908, on the old debenture stock was deferred, the company having been placed in the hands of Receivers on January 8, 1908. As of the latter date Notes and Bills Payable outstanding amounted to \$10,653,414, and it was stated that the company was indebted in other ways and was unable to meet its obligations. Committees representing the Noteholders, the Debenture holders and the stockholders were formed and adopted a Plan of Reorganization dated June 1, 1909 (see below).

The paragraphs immediately following relate to the Notes and stocks of the old company. The Gold Notes were a direct obligation ahead of the debenture stock and no lien could be placed on the property without providing for their payment. Of the Gold Notes outstanding, about \$8,000,000 were past due or were due in 1909.

The debenture stock was entitled to 4% per annum. The preferred stock A was entitled to and was limited to non-cumulative dividends of 5% per annum. The preferred stock B was entitled to and was limited to non-cumulative dividends of 4% per annum. The preferred stock A received the full 5% for over four years to August, 1904, when the semi-annual dividend was passed. After the payment from the surplus of 1902-3 of

5% on the preferred stock A, there remained a balance of \$7,621. The surplus for 1903-4 was equal to about 1¼% on the preferred stock A, and the surplus for 1904-5 to about 1¾% on that stock. In April, 1906, dividends were resumed by the payment of a semi-annual dividend of 2½% on the preferred stock. Regular semi-annual dividends were continued to and including the dividend paid in April, 1907.

No dividends were paid by the old company upon the preferred B stock and the common stock.

PLAN OF REORGANIZATION.

The Plan of Reorganization called for the organization of a new company. The basis of participation of debenture stock and preferred stock A, and the offer made by the Syndicate to depositors of preferred stock B and of common stock, was as follows:

Participating Stocks.	Amount Outstanding	Preferred Stock		Common Stock	
		Voting-Trust Certificates of New Company. Per	Amount.	Voting-Trust Certificates of New Company. Per	Amount.
Class.		Cent.		Cent.	
Debenture	\$28,077,089	110	\$30,884,798	...	....
Preferred A	11,336,900	...	....	120	\$13,604,280
Preferred B (Upon payment of \$15 per share)	23,051,942	15	3,457,791	60	13,831,165
Common (Upon pay- ment of \$15 per share)	44,525,420	15	6,678,813	40	17,810,168
	<u>\$106,991,351</u>		<u>\$41,021,402</u>		<u>\$45,245,613</u>

There were also outstanding Notes and other obligations amounting to \$13,500,000.

The new company, organized as the Chicago Great Western R. R., authorized securities including those mentioned above as follows:

(1) Preferred stock (4%), to an aggregate amount of \$50,000,000, of which \$41,021,402 was used for the purposes of the Plan (as above), and the remainder is to be used as from time to time shall be determined by the Reorganization Managers or by the Board of Directors of the New Company. The dividends on this stock are to become cumulative after June 30, 1914, and are limited to 4% per annum.

(2) Common stock to an aggregate amount of \$46,000,000, of which \$45,245,613 was used for the purposes of the Plan (as above).

(3) The new company authorized an issue of \$75,000,000 First Mortgage 4% bonds, dated September 1, 1909, and

due September 1, 1959. Of this amount \$18,500,000 has been issued and is now outstanding and an additional \$9,500,000 of bonds may be issued at any time. An amount not exceeding \$18,232,000 of bonds is reserved to take up bonds of the subsidiary companies (viz. \$12,000,000 4% bonds of Mason City & Ft. Dodge R. R. due 1955 and \$6,232,000 4% bonds of the Wisconsin, Minnesota & Pacific R. R. due 1950); and the remainder of the authorized issue is reserved for extensions, improvements, new construction, shares of other companies, etc. The entire stocks of these subsidiary companies and the leases of their road are covered by this new mortgage, as is the entire property of the former Chicago Great Western Ry. proper, including road, terminals, equipment, etc.

All stocks except directors' shares (11) issued under the Plan of Reorganization are to be deposited under a voting trust which expires June 30, 1914.

A syndicate headed by J. P. Morgan & Co. agreed to furnish the company with \$24,892,274 in cash and received for the same \$18,500,000 4% bonds, \$10,136,604 preferred stock and \$31,641,333 common stock; the stocks mentioned were offered for sale by the bankers to the holders of the common and preferred B stocks upon deposit of their shares and payment of the assessment according to the terms mentioned in the Plan. The assessment of \$15.00 per share called for the payment of \$10,136,604. The Syndicate subsequently offered the bonds at 92 and interest.

On the statistical page of this book is shown the combined income accounts of the Chicago Great Western Ry., the Mason City & Ft. Dodge R. R. and the Wisconsin, Minnesota & Pacific R. R. The earnings of the Chicago Great Western Ry. proper for a series of years are shown in the following table:

CHICAGO & GREAT WESTERN RY. (PROPER).

	Average Miles	Operated.	Gross Earnings.	Surplus.
1895-6	927		\$4,709,821	\$161,994
1896-7	928		4,680,860	Deficit, 27,638
1897-8	930		5,386,044	242,435
1898-9	930		5,867,739	464,050
1899-0	930		6,721,037	712,404
1900-1	930		7,013,862	559,513
1901-2	930		7,549,689	589,645
1902-3	930		7,823,191	576,241
1903-4	874		8,022,674	142,663
1904-5	818		7,377,711	191,400
1905-6	818		8,573,148	695,326
1906-7	818		9,139,087	414,026
1907-9	818		7,095,080	Def. 1,218,014
1908-9	818		8,107,289	Def. *1,730,000

*The deficit for 1908-9 is approximately correct and is figured upon the old basis of capitalization. The Gross Earnings for a number of years past have included the surplus earnings of subsidiary companies. The average miles operated above included trackage (82 miles in 1908-9).

HISTORY.

In April, 1901, a syndicate acquired all the stock and bonds of the Mason City & Fort Dodge R. R., 92 miles, and arranged to build a line, 42 miles, to connect with the Chicago Great Western Ry., and also to build southwest from Fort Dodge to Council Bluffs, about 133 miles, the latter line having been opened in December, 1903. This road owns altogether 378 miles, extending from a junction with the Chicago Great Western Ry. lines at Oelwein, Ia., and from another junction at Hayfield, Minn., to Council Bluffs, Ia., via Clarion. Under a lease 8 miles additional are operated. On January 1, 1904, the Chicago Great Western Ry. transferred to the Mason City & Fort Dodge R. R. one of its proprietary companies and two branches, together 89 miles. From January 1, 1904, the earnings of the Chicago Great Western Ry. proper have been based on 818 miles.

All the stock of the Mason City & Fort Dodge R. R. Co. is now owned and held in the treasury of the Chicago Great Western R. R. which operates the lines under an agreement dated April 1, 1901, running for 100 years, which provides, among other things, that all net earnings above 4% on bonds issued shall go to the parent company. This agreement was later modified, providing that the Mason City & Fort Dodge R. R. shall receive 60% of all earnings from business interchanged, any surplus after the payment of interest on bonds to be paid over to the parent company, as the owner of all its stock. To the extent of such surplus, the latter guarantees the future payment of the interest on the bonds of the issuing company. To June 30, 1909, \$1,221,866 "surplus" earnings had been paid over to the Chicago Great Western Ry. In April, 1905, the bonds, \$12,000,000 4's were sold. On an average operated mileage of 386 miles in 1907-8, the Mason City & Fort Dodge R. R. earned gross, \$1,796,144 and net, after taxes and rentals deducted, \$433,775. After paying \$480,000 interest on bonds there was a deficit of \$46,225. Maintenance of Way expenses averaged only \$506 per mile in 1907-8, against \$438 per mile in 1906-7, \$371 per mile in 1905-6, \$362 per mile in 1904-5, and \$350 per mile in 1903-4.

The gross earnings for 1908-9 of the Mason City & Fort Dodge R. R. Co. (mileage operated unchanged) were \$1,919,966 and the net, before deducting taxes, rentals or any fixed charges, was \$571,472. This amount did not equal the total fixed

charges, being \$22,880 less than in 1907-8. Maintenance of Way averaged \$587 per mile in 1908-9.

The Wisconsin, Minnesota & Pacific R. R., Red Wing, Minnesota, to Mankato, 90 miles, purchased in 1901 the Duluth, Red Wing & Southern and the Winona & Western, making 246 miles owned, and arranged to build a connecting link. It now owns 271 miles.

All the stock of the Wisconsin, Minnesota & Pacific R. R. Co. is now owned and held in the treasury of the Chicago Great Western R. R. The mileage of this road is 271 miles, and on an average operated mileage of 271 miles, the gross earnings were for 1907-8, \$619,083 and the net earnings were \$158,324. After paying \$257,191 fixed charges and adding \$22,828 other income there resulted a deficit of \$70,039. \$5,811,000 4% bonds were outstanding June 30, 1909. Maintenance of Way expenses averaged only \$531 per mile in 1907-8, against \$470 per mile in 1906-7, \$415 per mile in 1905-6, \$445 per mile in 1904-5, and \$435 per mile in 1903-4.

The gross earnings for 1908-9 of the Wisconsin, Minnesota & Pacific R. R. Co. were \$688,560 and the net, after taxes, \$157,345. The deficit after all charges was over \$100,000. Maintenance of Way averaged \$574 per mile and Maintenance of Equipment \$278 per mile.

This road is operated by the Chicago Great Western R. R. under an agreement dated April 1, 1901, as above, but in this case the agreement was not modified. The agreement however provides, as in the case of the Mason City & Fort Dodge R. R., that the surplus earnings shall be paid over to the parent company (now R. R.), as the owner of all the stock of the Wisconsin, Minnesota & Pacific R. R., the parent company guaranteeing the future payment of the interest on the bonds of the latter to the extent of such surplus. To June 30, 1909, \$499,239 "surplus" earnings had been paid over to the Chicago Great Western Ry.

Neither the earnings nor mileage of the above described roads have been included in the Chicago Great Western Ry. operating statements for years prior to 1908-9, but the combined "surplus" earnings of the two roads, were included annually in the Gross Earnings of the parent company. In view of the exceedingly small amounts charged to operating expenses by these two subsidiary roads, for maintenance, it cannot be said that the surplus reported by them has been fairly earned. It is certain that a consolidated statement of the Income Accounts of the Chicago Great Western Ry. and its subsidiary lines would, under the old basis of capitalization, make a very poor exhibit, in more ways than one.

The stocks of the Mason City & Ft. Dodge R. R. and Wisconsin, Minnesota & Pacific R. R. were largely secured through the

issuance of preferred B and common stocks of the old Chicago Great Western Ry.

Of the 755 miles which were owned by the Chicago Great Western Ry. proper (not including trackage), 388 miles are laid with 85-pound rail, 325 miles with 75-pound rail and 42 miles with 60-pound rail. The line of the Mason City & Ft. Dodge R. R. is laid with 75-pound rail and that of the Wisconsin, Minnesota & Pacific R. R. with 60-pound and 75-pound rail.

The stocks of the Mason City & Ft. Dodge R. R. and of the Wisconsin, Minnesota & Pacific R. R. and \$100,000 stock of the De Kalb & Gt. Western Ry. were carried on the balance sheet of the Chicago Great Western Ry. as of August 31, 1909, at a value of \$38,846,323. Current assets on that date were \$2,711,834 (this included \$1,051,795 material and supplies), and Current Liabilities were \$12,603,618. Deferred and Contingent Assets were \$422,219 and Deferred and Contingent Liabilities were \$578,493. Proprietary Companies' Assets (including \$1,221,866 M. C. & Ft. D. R. R. surplus earnings and \$499,239 W. M. & P. R. R. surplus earnings) were \$2,355,937 and Liabilities of Proprietary Companies, including Trust Funds equal to the stated surplus earnings, were \$2,780,025.

CHICAGO, INDIANA & SOUTHERN R. R.

The Chicago, Indiana & Southern R. R. Co. was formed on April 9, 1906, by the consolidation of the Indiana, Illinois & Iowa R. R. and the Indiana Harbor R. R.. On the same date the Chicago, Indiana & Southern R. R. acquired the entire capital stock of the Danville & Indiana Harbor R. R.

The preferred stock is entitled to cumulative dividends at the rate of 4% per annum. No dividends are being paid.

Of the stock outstanding of this company, the Lake Shore & Michigan Southern Ry. owned on December 31, 1908, \$5,000,000 cumulative preferred stock (entire issue) and \$12,000,000 common stock. On December 31, 1908, the Michigan Central R. R. owned the balance (\$3,000,000) of the common stock.

The Lake Shore & Michigan Southern Ry. and the Michigan Central R. R. owned in 1907, \$7,000,000 and \$3,000,000 respectively of the 4% bonds of this company, but these bonds were sold in 1908.

The Chicago, Indiana & Southern R. R. sold in 1908, \$5,150,000 of its bonds (50-year 4% gold), making the amount outstanding in the hands of the public \$15,150,000. The balance of the authorized issue is reserved to retire the \$4,850,000 Indiana, Illinois & Iowa R. R. First Mortgage 4% bonds. The Chicago, Indiana & Southern R. R. bonds are guaranteed principal and interest by the Lake Shore & Michigan Southern Ry.

Jointly with four other railroads in the New York Central & Hudson R. R. System, the Chicago, Indiana & Southern R. R. guarantees, principal and interest, \$30,000,000 New York Central Lines 5% Equipment Trust Certificates sold late in 1907. The company's share of the equipment leased is about \$4,000,000. See under New York Central & Hudson River R. R.

Following the practice adopted by the New York Central Lines, there were charged against income for additions and betterments, representing new construction, new equipment, etc., the following sums:

Year 1905.....	\$30,889
Year 1906.....	24,856

So far the figures on the statistical page in this book are concerned, these expenditures are considered as having been deducted from surplus earnings. No special charges of this character were made in 1907 and 1908.

Products of Mines (largely bituminous coal), contributed about 64% of the total tonnage moved in 1908.

The balance sheet of December 31, 1908, showed Current Assets (not including \$432,075 fuel and supplies), \$1,556,853 and Current Liabilities, \$2,951,432.

The earnings for the calendar year 1909 compare as follows (new method of accounting):

	1909	1908
Gross earnings	\$3,223,313	\$2,674,190
Operating expenses	2,428,076	2,105,839
Net earnings	795,238	568,351

CHICAGO, INDIANAPOLIS & LOUISVILLE RY.

The preferred stock is limited to non-cumulative dividends of 4% per annum.

Dividends have been paid on both classes of stock, as follows (dividends payable June and December):

		1902	'03 and '04	'05 to '08	'09
Preferred %.....	4	4	4	yearly	4
Common %.....	1	2½	3	yearly	3¼

In August, 1902, the Louisville & Nashville R. R. and Southern Ry. acquired 92½% of the common stock and 77% of the preferred stock on the basis of \$78 and \$90 per \$100 share, respectively, in their joint 50-year 4% collateral trust gold bonds at par secured by the stock acquired. The offer to the stockholders provided for the payment in cash of six-tenths of the purchase price at the option of the stockholders.

\$5,300,000 6% bonds mature in 1910 and 1911.

This company guarantees by indorsement, principal and interest, \$13,000 outstanding 6% bonds of Consolidated Stone

Co. of Indiana, and the \$1,650,000 4% bonds of the Indianapolis & Louisville Ry. See below.

As of June 30, 1909, main track included:

449 miles of 75-pound steel, 20 miles of 60-pound steel.
108 miles of 67-pound steel, 1 mile of 56-pound steel.

98 miles were used in 1908-9 under contract and included in the operated mileage. In 1905-6, contracts were made for the construction of the Indianapolis & Louisville Ry. from Shirley Hill, Indiana, to Wallace Junction, Indiana, with branch to Cass, Indiana, 60 miles. This line was opened for operation in October, 1907, and is included in the mileage (98 miles as above) operated under contract. It is the intention of the company to extend this line to Indianapolis and to Evansville.

In 1908-9 Products of Mines contributed 47% of the freight tonnage carried, against 42.6% in 1907-8, 42% in 1906-7, 44% in 1905-6, and 45% in 1904-5.

CHICAGO, MILWAUKEE & ST. PAUL RY.

After the payment of 7% on both preferred and common stock both issues share alike. The preferred stock (having priority to 7% per annum) is receiving 7%, and the common 7%. Dividends are paid in March and September.

The stockholders voted on October 4, 1902, to increase the authorized common stock from \$58,183,900 to \$83,183,900. The increased stock, \$25,000,000, was in August, 1906, offered at par to stockholders and was subscribed for.

In October, 1906, the authorized amount of preferred stock was increased by \$75,000,000 to \$124,654,400 and the authorized amount of common stock was increased by \$75,000,000 to \$158,183,900. The stockholders of record December 19, 1906, were given the privilege to subscribe at par for \$66,328,500 of the increased preferred stock and \$33,164,300 of the increased common stock, each stockholder being entitled to subscribe for an amount of new preferred stock and new common stock, equal at par value to 50% and 25% respectively, of the par value of all of the shares of stock both preferred and common, standing in his name. The final payments of subscriptions under this offer were declared payable in seven installments, the final payment having been made on March 1, 1909, after which date the stock was issued. The company paid interest at the rate of 5% per annum, payable semi-annually, on March 1 and September 1, up to March 1, 1909, on all installments received.

The proceeds from the sale of stock, as above, was used by the company for the most part, in acquiring "a line of railroad with the necessary terminals, branches, facilities and equipment, to connect with its present line of railroad and to form

an extension thereof from its present western terminus to the Pacific Ocean." This extension of the company's line of railroad to the Pacific Ocean was decided upon in 1905. In November, 1905, extension was authorized from the Missouri River to Seattle and Tacoma, 1,400 miles, and in December, 1905, a contract was let for the construction of about 800 miles—from the Missouri River, westward. The line from the Missouri River to Butte, Montana (715 miles), was completed and put in operation July 15, 1908. The remaining portion was completed June 16, 1909 (the total mileage being 1,489 miles including branches), and the line was opened for the transportation of freight. Local passenger service was commenced in August, 1909. About 520 miles of branch lines were under construction in August, 1909. The Pacific Extension is operated by the Chicago, Milwaukee & Puget Sound Ry. This company has authorized \$200,000,000 4% bonds due 1949. \$100,000,000 of these bonds and \$100,000,000 stock (entire issue) have been turned over to the Chicago, Milwaukee & St. Paul Ry. and are held in the latter's treasury. The stated bonds are a first mortgage on the entire mileage, terminals and equipment of the new line.

In July, 1909, the Chicago, Milwaukee & St. Paul Ry. authorized \$50,000,000 25-year 4% debentures, \$25,000,000 of which were issued immediately and \$3,000,000 additional in November, 1909, making \$28,000,000 outstanding. The proceeds derived from the sale of these debentures, it was stated, were to be used chiefly to construct branch lines in connection with the Pacific Extension. These debentures are to be secured by any new mortgage.

On June 30, 1908, the Oregon Short Line R. R. (Union Pacific System) owned \$4,612,500 common stock, and \$1,845,000 preferred stock of the Chicago, Milwaukee & St. Paul Ry. All of the said common stock was sold in 1908-9.

From the surplus earnings as given on the statistical page there were appropriated the following amounts:

Year 1899-0 to Renewal and Improvement Fund.....	\$3,025,305
Year 1900-1 " " " " "	2,296,256
Year 1901-2 " " " " "	2,245,000
Year 1902-3 " " " " "	1,105,000
Year 1903-4 to Additions to Property.....	707,575
Year 1904-5 " " " " "	619,960
Year 1905-6	*4,764,556
Year 1906-7 to Additions to Property.....	946,868

No special appropriations were made in 1907-8 and 1908-9.

*Includes \$1,511,758 account of Renewal and Improvement Fund, \$712,331 account of Additions to Property and \$2,540,467

being net amount appropriated for the replacement of freight cars.

The amount to the credit of the Renewal and Improvement Account on June 30, 1909, was \$5,807,199, and to the credit of Equipment Replacement Account, \$1,123,137. No credits were made during 1908-9 to the former account, but several million dollars of expenditures previously charged to that account (for grade revision, etc.) were credited back to the account, so that the "unexpended balance" increased from \$1,532,055 on June 30, 1908, to \$5,807,199 on June 30, 1909.

On July 1, 1908, \$212,000 convertible 7% bonds matured and were paid off; these were the few remaining of an original large issue of bonds which were convertible into preferred stock. During the nine fiscal years to June 30, 1908, an aggregate amount of \$9,836,000 7% bonds were exchanged for preferred stock. On December 31, 1873, the preferred stock outstanding amounted to \$12,274,483; to June 30, 1908, about \$9,000,000 preferred stock had been issued for improvements, etc., the balance of the then outstanding stock (\$49,976,400) having been issued in exchange for convertible bonds.

The "St. Paul" will likely save about \$1,000,000 annually in interest through the refunding, during the next ten fiscal years, of high-rate interest bonds. \$4,000,000 6% bonds matured on July 1, 1909, and \$22,097,000 bonds bearing an average rate of 6.08% mature during the six months ending July 1, 1910. Considerable additional saving will be effected in subsequent years. In December, 1909, \$25,000,000 General Mortgage 4% bonds were sold.

The balance sheet of June 30, 1909, showed among the assets of the company \$20,232,355 representing advances to other companies, and \$105,470,166 representing bonds and stocks of other companies. Profit and Loss account showed a total credit on June 30, 1909, of \$47,960,895. The company held, June 30, 1909, \$1,869,470 cash on hand.

See "Notes" under Chicago & Northwestern Ry. for comparison of earnings, etc., for fourteen years to June 30, 1909.

CHICAGO, PEORIA & ST. LOUIS RY.

The payment of the July, 1906, coupons on the \$2,000,000 Consolidated Mortgage 5% bonds, was postponed, the interest not having been earned. The interest was paid in December, 1906. The January, 1907, coupon and each subsequent coupon to and including the coupon due July 1, 1908, was paid five or six months later than the date assigned for its payment. The coupon, due Jan. 1, 1909, not having been paid, and in view of the fact that the earnings were insufficient to provide

for the payment of coupons due July 1, 1909, a security holders' committee, consisting of George F. Baker, Jr., Charles H. Warren and Alfred Shepherd, with W. W. Stevenson as secretary, 34 Nassau St., N. Y., invited holders of Consolidated Mortgage bonds, Equipment bonds and notes, Income Mortgage bonds (or certificates of deposit) preferred stock and common stock of the company, to deposit their holdings with Bankers' Trust Co., N. Y., for mutual protection.

John P. Ramsey, president of the company, and Henry M. Merriam, cashier of the Illinois National Bank, of Springfield, were appointed Receivers July 1, 1909, on application by the Trust Company of America, of New York, trustee under the Consolidated Mortgage.

REORGANIZATION PLAN.

The Plan agreed upon by the committee provides that, upon deposit, each \$1,000 Consolidated Mortgage bond will receive \$500 in new General and Refunding 4½% bonds (see below), the interest on which will be 3% for the first six years, and \$625 in new stock (voting trust certificates); each \$100 matured Consolidated Mortgage coupon, \$50 in 4½% bonds and \$62.50 in new stock; each \$1,000 equipment or car trust note to receive \$1,000 new General and Refunding 4½% bond, bearing full interest; each \$1,000 Income Mortgage bonds to pay \$100 in cash and to receive \$100 in new General and Refunding 4½% bonds, and \$400 in new stock; each \$100 preferred stock to pay \$7 in cash and to receive \$7 in the new General and Refunding 4½% bonds, and \$24.50 in new stock; and each \$100 common stock to pay \$3 in cash and to receive \$3 in the new 4½% bonds, and \$9 in the new stock. The interest upon the bonds issued in exchange for assessments will not be reduced. Holders of Income bonds, preferred and common stock not desiring to pay the assessment will receive respectively for each \$100 par value of their respective securities, \$6.00, \$4.00 and \$2.00 in new stock.

To carry out the terms of the above plan it was provided that the New Company should assume the obligation of the existing Prior Lien Mortgage of \$2,000,000 and in addition authorize the following securities:

BONDS.

\$15,000,000 General and Refunding Mortgage 30-year 4½% Gold Bonds.—

These bonds will bear interest from December 1, 1909, payable semi-annually, free of any United States, State, County and Municipal Taxes which the New Company may be required at any time to pay or retain therefrom, and are to be secured by a mortgage upon the property and equipment of the New Company then owned or which may be hereafter acquired

with the proceeds of the bonds. Such of these bonds as are issued in exchange for old Consolidated Mortgage bonds and unpaid coupons are to be reduced to 3% interest for the first six years. For six years General and Refunding Mortgage bonds are to be subject to call at par upon any interest date by giving 60 days' notice. Thereafter these bonds are to be subject to call at 107½ upon like notice. The new General and Refunding bonds are to be applied as follows:

Issued for use under Plan by Reorganization Committee.	\$2,850,000
Reserved to refund Prior Lien bonds.....	2,000,000
Reserved for use in retiring Prior Lien bonds.....	150,000
Reserved for acquisition of property, extensions, equipment and improvements.....	10,000,000

STOCK.

\$4,000,000 stock to be issued for use under Plan by Reorganization Committee.

Out of the \$2,850,000 General and Refunding 4½% bonds \$850,000 will be placed in the Treasury of the New Company, the past due coupons and all Car and Equipment Trust Notes will be funded, all bills payable will be retired, and it is estimated that after providing for the floating debt, the New Company will have available as free treasury assets, in cash and General and Refunding Mortgage bonds, over \$1,000,000 which will give the New Company funds necessary to make needed improvements.

Under this Plan the New Company will start with a fixed charge upon securities outstanding in the hands of the public of about \$154,000 for the first six years, of which \$25,000 would represent the interest upon new capital. This amount of fixed charge will be increased about \$15,000 after the first six years by the increase in rate from 3% to 4½% on the General and Refunding Mortgage bonds issued in exchange for old securities. The net earnings of the New Company will, it is expected, be materially increased after the acquisition of the new equipment and the completion of the contemplated improvements for which funds are provided by the Plan.

The Plan was declared operative in October, 1909; the property was later sold under foreclosure and the new company, the Chicago, Peoria & St. Louis R. R., was incorporated in Illinois on December 6, 1909.

HISTORY.

On June 30, 1904, the Chicago, Peoria & St. Louis Ry. owned a majority of the capital stock of the Litchfield & Madison Ry. (44 miles), which stock was valued on the books of the com-

pany at \$578,500. After the close of the year 1903-4 these holdings were sold.

The figures, years prior to 1904-5, given in the statistical table, include the operation of the Litchfield & Madison Ry. Fixed charges in 1903-4 included \$18,398, the rental of the latter road.

The reason assigned for the sale by the Chicago, Peoria & St. Louis Ry. of its interest in the Litchfield & Madison Ry. is to be found in the following extract from the president's remarks in the annual report for 1903-4: "Since the close of the fiscal year this company has sold its holdings in the stocks in the Litchfield & Madison Ry. Co. and has thus been relieved of its advances to the latter company. This branch railroad, while promising from a traffic standpoint, required further large capital expenditures and was not so located as to make its ownership necessary."

The Litchfield & Madison Ry. earned in 1903-4, when under the control of the Chicago, Peoria & St. Louis Ry., gross, \$124,037; net, \$35,665, and reported a deficit after fixed charges of \$2,861. This "branch railroad," earned in 1906-7, gross \$308,574; net, \$130,968, and reported a surplus after fixed charges of \$90,831. In 1907-8 and 1908-9 earnings decreased considerably. Since June 30, 1904, there has been no increase in mileage; the capitalization has, however, been somewhat increased by the issuance of bonds and equipment obligations.

As of June 30, 1909, Bills Payable amounted to \$135,000. The company had a large floating debt and the balance sheet of June 30, 1909, showed a debit of \$202,072 to Profit and Loss.

It was proposed several years ago, to exchange the income bonds, dollar for dollar, for new first preferred stock, the preferred stock, dollar for dollar, for new second preferred stock, and the common stock, dollar for dollar, for new common stock. The purpose of this plan was to enhance the general credit of the company through the retirement of the income bonds.

In furtherance of this plan, a majority of the income bonds and of the capital stock was deposited with the First National Bank of New York City under an agreement, dated August 1, 1904, and expiring August 1, 1906, which gave the Security-holders' Committee power to prescribe the forms of all of the new stock and of all instruments at any time to be issued or entered into looking toward the sale of the securities or of the property or otherwise. It was stipulated, however, that any offer for the purchase of the securities or for the purchase of the railway property must be accepted by the affirmative vote of 70% in amount of the registered owners of the then outstanding Trust Certificates for the securities deposited. The

Committee consisted of Thos. Carmichael, Charles F. Dean, E. W. Clark, Jr., and R. H. Glyn.

An agreement, similar to the above, expired August 1, 1904, under which agreement, however, it was provided that the purchase price in case of sale should not be less than 50% of the par value of the income bonds or first preferred stock, 20% of the par value of existing preferred stock or new second preferred stock, and 15% of the par value of the common stock.

The statement of freight equipment in service, June 30, 1909, shows that of 2,614 cars on hand 2,383 were built prior to May, 1895. There were 3,622 cars in freight service (not including 651 on line of Litchfield & Madison Ry.) on June 30, 1902.

The statement of locomotives in service June 30, 1909, shows 45 on hand. Of these, 28 were built prior to 1894, the remainder having been built between 1902 and 1907, inclusive.

Products of Mines contributed 42.9% of the tonnage carried in 1908-9, against 48.3% in 1907-8, 46.7% in 1906-7 and 41.1% in 1905-6.

CHICAGO, ST. PAUL, MINNEAPOLIS & OMAHA RY.

The preferred stock has a prior right to dividends up to 7% per annum. The common cannot receive more than is paid on the preferred. The preferred is receiving 7% and the common 7% payable semi-annually in February and August. The rate of dividends on the common was raised in August, 1902, from 5 to 6% and again in February, 1905, to 7%.

As of June 30, 1909, the Chicago & Northwestern Ry. held \$5,380,000 preferred and \$9,320,000 common stock of this road. This stock was purchased in 1883.

The following sums were appropriated from surplus earnings for additions and betterments:

Year 1899.....	\$500,000
Year 1900.....	500,000
Year 1901.....	600,000
Year 1902.....	600,000
Year 1903.....	500,000
Year 1904-5.....	400,000
Year 1905-6.....	600,000

No special appropriations for additions and betterments were made in 1906-7, 1907-8 and 1908-9. The balance of the credit of the Fund for Improvements on June 30, 1909, was \$72,887, as compared with \$796,005 on June 30, 1906. On June 30, 1909, the Fund for Equipment Replacements showed a credit of \$334,624.

There was owned and unsold June 30, 1909, 91,042 acres of land. The net income from all grants for the year 1908-9 was \$35,066.

To June 30, 1909, there had been sold \$3,734,000 Consolidated Mortgage bonds, the interest on which had been reduced from 6% to 3½%. All the bonds of the company mature between November 1, 1915, and June 1, 1930, and with the exception of those recently sold they all bear interest from 5% to 8%.

CHICAGO TERMINAL TRANSFER R. R.

This company is in the hands of a Receiver appointed April 16, 1906. No interest has been paid by the company on its First Mortgage bonds since July 1, 1904; the Guaranty Trust Co. of New York offered to purchase the January, 1905, coupons but not subsequent coupons. With permission of the lower court the Baltimore & Ohio R. R. caused the entire issue of First Mortgage bonds to be called for payment on May 3, 1907, and the Baltimore & Ohio R. R. advanced the funds necessary to pay in full the principal and interest. The date of foreclosure sale was fixed for January 6, 1910, the upset price being named at \$15,140,000. The property was bid in by the Baltimore & Ohio R. R. for \$16,000,000. On January 10, 1910, the Baltimore & Ohio-Chicago Terminal R. R. was incorporated with \$8,000,000 of authorized capital stock as the successor to the Chicago Terminal Transfer R. R.

In May, 1906, \$3,500,000 5% gold Receiver's certificates were authorized to provide for elevation of tracks. \$200,000 certificates had been issued to June 30, 1909, of which \$50,000 had been paid. The estimated cost for elevation of the tracks of the company in the city of Chicago is over \$3,000,000. Work was commenced during the month of June, 1903, and up to June 30, 1907, there had been expended \$823,000. During 1907-8 and 1908-9 work was actively continued.

This company owns, in fee, large and valuable tracts of land in and adjacent to the city of Chicago; also valuable terminals and dock property in that city.

The minority stockholders' committee (George I. Malcolm, Chairman; H. S. Mott, Secretary), represented upwards of \$8,000,000 preferred and about \$2,500,000 common stock. An option on the minority preferred stock at \$25 per share was given to the Baltimore & Ohio R. R., but this option expired on December 31, 1907.

A new offer of \$20 per share for the preferred stock was made to the committee in November, 1908, provided said committee deliver not less than 50,000 shares. The preferred stock above mentioned was acquired in December, 1908, under this

offer and on June 30, 1909, the Baltimore & Ohio held \$8,508,-100 preferred stock. A large block of common and preferred stock had since the close of the fiscal year been acquired by this company from the Chicago, Burlington & Quincy R. R., so that the Baltimore & Ohio R. R. owned January 1, 1910, over 90% of the preferred and over 50% of the common stock.

A new minority common stockholders' committee has been formed of which committee Geo. F. Dominick is Chairman. This committee represents upwards of \$2,500,000 common stock including the common stock previously deposited with the committee referred to above.

In 1908-9 the Receipts from Tenants and Miscellaneous Income amounted to \$707,792.

Following are given the minimum rentals receivable by the company under the contracts with its tenants:

Tenants.

Baltimore & Ohio R. R.

1st 10 years from April 1, 1903.....	\$160,000
2nd 10 years.....	165,000
3d 10 years.....	170,000
4th 10 years.....	175,000
Thereafter until expiration of lease.....	180,000

Chicago Great Western Ry..... \$226,500

Chicago Junction Ry..... \$33,000

Pere Marquette R. R.

1st 2 years from December 15, 1903.....	\$94,000
Next 3 years	109,000
Next 5 years	134,000
Next 5 years	144,000
Remainder	154,000

Total minimum rentals in December, 1905..... \$533,500

On June 30, 1909, the excess of all current and contingent liabilities, matured, accrued and contingent, over current resources, was \$3,045,214. The current and contingent liabilities were \$4,037,523 (including \$3,028,500 interest on First Mortgage bonds) and the current resources were \$992,309 (including \$186,-251 materials on hand).

CINCINNATI & MUSKINGUM VALLEY R. R.

Dividends have been paid as follows: 1900, 6%; 1901, 3%; 1902 to 1906, inclusive, 2%; 1907 to 1909, inclusive, 4%.

The entire capital stock is owned by the Pittsburgh, Cincinnati, Chicago & St. Louis Ry. The Pennsylvania R. R. owns a majority (\$1,318,000) of the bonds of the Cincinnati & Muskingum Valley R. R. The Pennsylvania Company guarantees the bonds, principal and interest. From the surplus of 1908, as shown on the statistical page, there was deducted \$10,346 on account of additions and improvements, against \$20,894 so deducted in 1907, \$50,719 in 1906, \$17,415 in 1905, \$7,876 in 1904, \$48,335 in 1903, and \$33,287 in 1902.

Products of Mines constituted 44% of the freight tonnage in 1908, against 53% in 1907, 52% in 1906, 50% in 1905 and 47% in 1904.

There were 23 locomotives in service December 31, 1908, the age of the oldest constructed being 23 years and the youngest 15 years. The average age of locomotives was 18 years. Of the 592 freight cars in service the report stated that 101 should be condemned.

CINCINNATI, HAMILTON & DAYTON RY.

In 1904 the Cincinnati, Hamilton & Dayton Ry. acquired about 80% of the common stock and about 12% of the preferred stock of the Pere Marquette R. R. On March 1, 1905, the Cincinnati, Hamilton & Dayton Ry. leased the Pere Marquette R. R. for 999 years, the lease providing for guaranteed dividends at the rate of 4% and 5% respectively on that company's preferred and common stock.

On December 4, 1905, Judson Harmon, of Cincinnati, was appointed Receiver of this company, as well as of the Pere Marquette R. R. (which see), and in January, 1906, the Court authorized the Receiver to relinquish possession under this lease. In October, 1907, the stockholders voted to cancel the lease, and to settle all questions between the two companies by arbitration. The controlling interest in the stock of the Pere Marquette R. R. is retained by the Cincinnati, Hamilton & Dayton Ry. On July 20, 1909, the Receiver for the Cincinnati, Hamilton & Dayton Ry. was discharged and the company on August 20, 1909, resumed possession of the road without foreclosure (see below).

The statistics given on the statistical page of this book include the operations (for 1907-8) of the following:

Cincinnati, Hamilton & Dayton Ry.

Dayton & Michigan R. R.

Home Ave. R. R.

Cincinnati, Findlay & Ft. Wayne Ry.
Cincinnati, Indianapolis & Western Ry.
Columbus, Findlay & Northern R. R.
Bowling Green R. R.
Piqua & Troy Branch R. R.
Cincinnati & Dayton Ry.

In 1904, most of its \$6,925,500 5% preferred, and all of its \$1,074,500 4% preferred stock was purchased by the Cincinnati, Hamilton & Dayton Ry., at \$110 and \$100 per share, respectively. To provide funds for the purchase of this stock, and for the purchase of stock of the Pere Marquette R. R., the Cincinnati, Hamilton & Dayton Ry. sold, in March, 1905, \$15,000,000 Gold Collateral 4½% Notes due September 1, 1908. These Notes are secured by an equal amount of Consolidated Mortgage 4½% bonds dated January 2, 1905, \$7,751,425 of the preferred 4% and 5% stock of the Cincinnati, Hamilton & Dayton Ry., and other securities. The interest on these notes was included in the Fixed Charges in the Income Account for 1908-9, although no payments have been made thereon since September, 1905.

In July, 1908, interest on the Cincinnati, Indianapolis & Western Ry. issues was defaulted and the Company failed to meet the November, 1908, coupons on the bonds of Cincinnati, Findlay & Ft. Wayne Ry., Piqua & Troy Branch R. R., Cincinnati, Dayton & Ironton R. R., etc. These overdue coupons were paid off with interest on August 16, 1909.

In September, 1905, the Erie R. R. arranged to acquire control by purchase through J. P. Morgan & Co., of about \$5,000,000 stock of the Cincinnati, Hamilton & Dayton Ry., but the obligations of the company, under leases and other contracts, being found unduly heavy, Mr. Morgan, in November, 1905, relieved the Erie R. R. of its purchase. In 1909, it was announced that the Cincinnati, Hamilton & Dayton, Ry. would be acquired by the Baltimore & Ohio R. R.

The Cincinnati, Hamilton & Dayton Ry., through ownership of stock in the Southwestern Construction Co., controls, jointly with the Southern Ry., the Cincinnati, New Orleans & Texas Pacific Ry., which see.

The consolidated general balance sheet of June 30, 1908, (including Receiver's general balance sheet) showed a large floating debt. During the year 1906-7, the sum of \$244,959 was expended for and charged to Additions and Improvements, against \$1,050,946 so expended in the year 1905-6. In these two years 123 miles of main line were laid with 85-pound rails, making total amount of 85-pound rail, 144 miles.

Profit and Loss was charged in 1907-8, \$466,064, "Advances to Chicago, Cincinnati & Louisville R. R. Co., now uncollectable" (see Pere Marquette R. R.).

The stockholders voted in February, 1908, to authorize a supplement to the Refunding Mortgage, providing that the principal shall mature July 1, 1913, and limiting the authorized amount to \$14,286,000; also an issue of 5½-year purchase money 4% Notes, dated January 1, 1908, to be issued in exchange for these bonds, dollar for dollar, and to be secured by the deposit thereof. These Refunding Bonds have been cancelled and the Notes will be secured instead by \$13,000,000 First and Refunding 4% bonds (see below). These Notes are guaranteed principal and interest by the Baltimore & Ohio R. R. Of these new Notes \$2,728,000 are reserved for the retirement of the 5% bonds due January 1, 1911, of the Dayton & Michigan R. R. To October, 1909, \$11,557,000 bonds were reported as exchanged.

READJUSTMENT PLAN.

A plan was adopted in June, 1909, which provided that the control of the system shall be acquired by the Baltimore & Ohio R. R., which company agrees to purchase the Cincinnati, Hamilton & Dayton Ry. stock at the end of seven years from July 1, 1909, at a price to be fixed by arbitration; until then the controlling stock is to be vested in three voting trustees, one of whom shall be the president of the Baltimore & Ohio R. R. Ample capital is to be provided through securities to be guaranteed by the Baltimore & Ohio R. R. and otherwise, to pay or secure all claims or liens ranking ahead of the 4½% Notes, for construction and development purposes and for working capital; the holders of certificates of deposit of the Central Trust Co., representing 4½% Notes, shall receive for each \$1,000 of Notes represented thereby \$60 in cash and \$1,000 of new General Mortgage bonds, to draw interest as follows: 4½% dependent upon income until July 1, 1911; 1% fixed and 3½% dependent upon income until July 1, 1914; 3% fixed and 1½% dependent upon income until July 1, 1916; thereafter 4½% fixed.

During July, 1916 (or sooner, in case of earlier acquisition by Baltimore & Ohio R. R. of the controlling stock) the Baltimore & Ohio R. R. will, upon demand, unless said General Mortgage bonds shall have been sooner redeemed, either pay 85% in cash and interest for said bonds, or issue in exchange therefor a new 4% bond, secured by said General Mortgage and guaranteed as to principal and interest by the Baltimore & Ohio R. R.; the Baltimore & Ohio R. R. to elect whether to make such purchase or such exchange.

The Baltimore & Ohio R. R. may, prior to July 1, 1916, substitute for the General Mortgage bonds above referred to, new bonds of a like amount, secured by said General Mortgage, bearing 4% fixed interest, and guaranteed principal and interest by the Baltimore & Ohio R. R.

The General Mortgage bonds referred to mature July 1, 1939, and are issuable to the extent of \$20,000,000, of which \$15,000,000 to be exchanged for the Notes (see above) and \$5,000,000 to pay off floating debt.

A First and Refunding Mortgage to cover \$75,000,000, 4% bonds, dated July 1, 1909, and due July 1, 1959, was authorized to carry out the extensive financial plan to rehabilitate the property. The mortgage is to cover all the lines of railway of the company, all its leasehold rights, all stocks of subsidiary companies and all property acquired by the proceeds of these bonds. Of these bonds \$27,500,000 were issued (\$14,500,000 to October, 1909), or are to be issued presently for the following purposes, viz:

(1) To pay or adjust indebtedness due or accrued.....	\$7,500,000
(2) For improvements now needed.....	5,000,000
(3) For necessary working capital.....	2,000,000
(4) For collateral to \$11,557,000 4% Notes due 1913.....	13,000,000
Reserved for future use, \$47,500,000, viz.:	
(5) For additions, betterments, etc.....	\$23,714,000
(6) For refunding underlying bonds.....	23,786,000

\$5,500,000 bonds specified under (1) above and all bonds specified under (2) and (3) above are to be guaranteed principal and interest by the Baltimore & Ohio R. R. The total amount thus guaranteed is \$12,500,000, all of which are outstanding.

CINCINNATI NORTHERN R. R.

An initial dividend of 3% was paid on the stock of this company on March 1, 1910.

A majority of the capital stock of this road is owned by the Cleveland, Cincinnati, Chicago & St. Louis Ry.

Products of Mines contributed about 49% of the freight tonnage moved in 1908 against 46% in 1907 and 50% in 1906.

Following the practice adopted by the New York Central Lines, there were charged against income, for additions and betterments, representing new construction, new equipment (additions), etc., the following sums:

Year 1904.....	\$29,464
Year 1905.....	17,675
Year 1906.....	32,499
Year 1907.....	149,023
Year 1908.....	20,458

So far as the figures on the statistical page of this book are concerned, these expenditures are considered as having been deducted from surplus earnings.

The earnings for the calendar year 1909 compare as follows:

	1909.	1908.
Gross earnings.....	\$1,177,691	\$977,974
Operating expenses.....	899,113	850,153
Net earnings.....	278,578	127,821

CLEVELAND & MARIETTA RY.

An initial dividend of 3% was declared in 1906. In 1907, the rate was increased to 4% per annum, and in 1908 and 1909 5% per annum was paid.

This road, formerly operated separately, was leased January 1, 1900, to the Pennsylvania Company, which acquired in 1893 a majority interest in the stock. On December 31, 1908, the Pennsylvania Company owned \$1,788,500 of the capital stock. Under the lease, surplus earnings over charges go to the lessor.

The following sums were appropriated from surplus earnings for additions and improvements:

Year 1901.....	\$42,500
Year 1902.....	43,298
Year 1903.....	84,270
Year 1904.....	116,396
Year 1905.....	97,661
Year 1906.....	84,596
Year 1907.....	149,023
Year 1908.....	179,275

Extraordinary expenditures included in operating expenses were \$67,741 in 1905, \$38,948 in 1904, \$92,923 in 1903, and \$44,869 in 1902.

The bonds are guaranteed, principal and interest, by the Pennsylvania Company.

CLEVELAND, AKRON & COLUMBUS RY.

In June, 1899, the Pennsylvania Company took control, purchasing \$2,237,500, a majority of the capital stock.

Annual dividend rates have been as follows since 1901 (March and September): 1901 to 1905 inclusive, 20%; 1906, 2½%; 1907, 3½%; 1908 and 1909, 4%.

The First Consols of 1940 (present outstanding \$1,663,000) were taken by the two largest stockholders, the Pennsylvania Company taking \$1,023,000 and a Dutch society, known as the Cleveland, Akron & Columbus, Vereeniging of Amsterdam, the balance. The Pennsylvania Company, to secure a better price for its bonds, guaranteed them by indorsement. The Dutch society bonds were not guaranteed.

In 1906, Car Trust obligations were issued to the amount of \$750,000, of which \$75,000 mature yearly. The annual payments account of principal are charged to Maintenance of Equipment Expenses. On December 31, 1908, Car Trusts outstanding amounted to \$671,765, of which \$82,992 mature yearly.

The following sums were appropriated from surplus earnings for additions and improvements:

Year 1904.....	\$127,976
Year 1905.....	173,717
Year 1906.....	202,010
Year 1907.....	180,355
Year 1908.....	*140,081

*The appropriation during 1908 included \$80,000 transferred to fund for replacement of equipment.

Products of Mines contributed 51.1% of the freight tonnage handled during 1908 against 54.6% in 1907, 54.9% in 1906, and 51.2% in 1905.

CLEVELAND, CINCINNATI, CHICAGO & ST. LOUIS RY.

The preferred stock is limited to 5% per annum and receives 5%; payable quarterly, beginning January. For several years to and including 1907 the common stock received 4% per annum, March and September. In March, 1908, the dividend was 1%. In September, 1908, and in 1909, the dividend on the common stock was omitted. In March, 1910, dividends were resumed by the payment of a semi-annual dividend of 2%. This dividend placed the common stock again upon a 4% basis.

The stockholders voted on June 21, 1905, to increase the common stock from \$28,700,000 to \$40,000,000. Of the new stock \$2,872,100 was subscribed for by stockholders at par, and \$4,727,900 additional sold to provide for improvements and equipment. In 1906, the balance, \$4,404,837, of this stock was sold, the proceeds being used to provide for improvements and equipment and other corporate purposes.

The stockholders voted on October 31, 1906, to increase the common stock from \$40,000,000 to \$50,000,000. The increased stock, \$10,000,000, was offered for subscription to stockholders until January 31, 1907, at \$90 per share, payments in full to be made on or before February 27, 1907. There was sold under this offer \$4,806,580 stock; in September, 1907, \$2,249,720 additional stock was sold (price not stated), bringing the total amount outstanding to \$47,056,300.

The Lake Shore & Michigan Southern Ry. held in 1909 \$30,-207,700 of the common stock of the "Big Four."

From surplus earnings, appropriations for equipment, improvements, etc., have been made, viz.:

Year 1900-1.....	\$567,852
Year 1901-2.....	600,371
Year 1902-3.....	311,203
July 1 to December 31, 1904.....	1,000,000

The "Big Four" owns a majority of the \$10,000,000 stock of the Peoria & Eastern Ry., (338 miles owned) and guarantees interest on that company's bonds, excepting the income bonds. The "Big Four" owns a majority of the stock of the Cincinnati Northern R. R. (208 miles owned). Also one-fourth owner of Peoria & Pekin Union Ry. (through the Peoria & Eastern Ry.), one-fourteenth owner of the Terminal R. R. Association of St. Louis, two-fifths owner of the Indianapolis Union Ry., and part owner of several depots and terminal companies. The "Big Four" guarantees jointly with the Chesapeake & Ohio Ry. the interest on the Louisville & Jeffersonville Bridge bonds. The balance sheet of December 31, 1904, showed an investment in Chesapeake & Ohio Ry. stock representing an outlay of \$2,453,570 and an investment in Cincinnati Northern securities representing an outlay of \$1,105,388. The annual report for 1907 stated that there were sold in 1907, 45,000 shares of stock of the Chesapeake & Ohio Ry. for the sum of \$2,586,475.

The Central Indiana Ry. (127 miles) is controlled by the "Big Four" and Pennsylvania R. R. interests. \$1,500,000 4% bonds outstanding are guaranteed by the "Big Four." This road annually reports large deficits (1908, Gross Earnings, \$132,688; Deficit after charges, \$146,169).

Jointly with four other railroads in the New York Central & Hudson River R. R. system, the "Big Four" guarantees principal and interest \$30,000,000 5% Equipment Trust Certificates sold late in 1907. The "Big Four's" share of equipment leased under this issue amounts to about \$4,000,000. See under New York Central & Hudson River R. R.

Between 1912 and 1934 \$13,049,000 5, 6 and 7% bonds mature.

The stockholders, on November 17, 1909, authorized a new issue of bonds limited to \$20,000,000, of which about \$9,000,000 were to be presently issued to provide for the payment of \$5,000,000 Notes due June 1, 1910, and for the discharge of the floating debt.

The balance sheet of December 31, 1908, showed Bills Payable \$5,615,925, of which sum \$5,000,000 was due to the Lake Shore & Michigan Southern Ry. Current Assets as shown in the balance sheet (not including \$1,494,150 Fuel and Supplies) were \$6,278,819 and Current Liabilities (including Bills Payable, \$5,615,925) were \$11,037,448.

The earnings for 1909 compare as follows:

	1909.	1908.
Gross earnings.....	\$27,657,741	\$24,242,617
Operating expenses.....	19,711,495	18,333,451
Net earnings.....	7,946,246	5,909,166

CLEVELAND TERMINAL & VALLEY R. R.

The preferred stock is entitled to non-cumulative dividends at the rate of 6% per annum. No dividends are being paid.

On June 30, 1909, the Baltimore & Ohio R. R. owned over 96% of the outstanding capital stock of this company, as follows: \$1,826,700 preferred stock and \$4,594,300 common stock. This stock is deposited under the Pittsburgh, Lake Erie & West Virginia System Refunding Mortgage of the Baltimore & Ohio R. R.

\$485,000 additional First Mortgage 4% bonds (guaranteed principal and interest, by the Baltimore & Ohio R. R.) were sold in 1906-7. These were sold to the Baltimore & Ohio R. R. at par and the proceeds applied as a credit upon advances made by that company to February 28, 1906, for purchase of real estate in the City of Cleveland, improvements, payment of Car Trusts, etc.

The balance sheet of June 30, 1909, showed that there was due the Baltimore & Ohio R. R. \$1,176,056 on general account. The Cleveland Terminal & Valley R. R. held on that date in its treasury \$139,250 preferred and \$584,700 common of its own stock. This treasury stock is not included in the amount outstanding as given on the statistical page.

Products of Mines contributed about 45% of freight moved in 1908-9 against 49% in 1907-8 and 55% in 1906-7.

DETROIT & MACKINAC RY.

The first semi-annual dividend on the preferred stock 2½%, was paid July 1, 1903, since which time dividends have been paid regularly in January and July.

The mortgage bonds were reduced \$750,000 February 1, 1902, by exchange of same for preferred stock at par. The bonds were cancelled.

During 1909 there was under construction a branch from Alpena to Hillman (25 miles) and to Atlanta (36 miles); the line to Hillman was completed in January, 1910.

From accumulated surplus the following deductions were made in 1904-5:

For Cheboygan Extension	\$91,065
For New Rail	137,255
For Equipment	67,731
Total	\$296,051

There was no credit to Profit and Loss on June 30, 1909.

In 1908-9 Products of Forests contributed 52% of the freight tonnage carried, against 49% in 1907-8, 48% in 1906-7, 53% in 1905-6, 56% in 1904-5, 62% in 1903-4 and 91% in the year ending June 30, 1896. Products of Mines contributed 17% of the freight tonnage carried in 1908-9, against 33% in 1907-8, 37% in 1906-7, 29% in 1905-6, 18% in 1904-5 and 2% in 1899.

Practically the entire main track is laid with 70-pound or heavier rail.

The balance sheet of June 30, 1909, showed net current liabilities, \$150,960, against \$501,970 on June 30, 1907. There were credits to various reserve accounts amounting on June 30, 1909, to \$243,818.

DETROIT, TOLEDO & IRONTON RY.

In February, 1908, Receivers were appointed, the company having defaulted February 1, 1908, on the interest then due on the Consolidated Mortgage 4½% bonds dated 1905. Since that date, the company has defaulted or delayed payments upon practically all of its outstanding obligations. (See below.)

The first preferred stock is limited to dividends at the rate of 4% per annum and the second preferred stock to 5% per annum. The first preferred stock is convertible at par into second preferred stock at the option of the holder at any time when the transfer books are open.

This company is the successor to the Detroit Southern R. R. Co., whose property was sold May 1, 1905, under foreclosure of the Consolidated Mortgage dated June 1, 1901. In the reorganization the \$4,495,000 (\$4,500,000 authorized) Ohio Southern Division 4% bonds remained undisturbed, and the \$4,253,000 General Lien and Divisional First Mortgage 4% bonds were issued to holders of the Detroit Southern R. R. Consolidated Mortgage bonds. These new bonds bear interest from December 1, 1905. Of the new (\$22,500,000 authorized) Consolidated Mortgage 4½% bonds, \$2,675,000 were issued in 1905 to bankers and stockholders in consideration for cash furnished, and in 1906, about \$100,000 were issued in exchange at par for part of Ann Arbor R. R. minority stock. See below. The February 1, 1908, interest on these bonds was defaulted, and because of such default the company was placed in the hands of Receivers.

At the time of the reorganization in 1905, the entire capital stock was issued—\$1,000,000 of the first preferred and \$800,000 of the second preferred to the underwriting syndicate furnishing cash; \$6,500,000 of the first preferred to preferred stockholders paying an assessment of \$10 per share in cash, \$4,200,000 of the second preferred stock to common stockholders paying an assessment of \$5 per share in cash, and the entire \$12,500,000 common stock to the reorganization managers for furnishing cash

and for other considerations. The reorganization plan provided \$2,500,000 for expenses of receivership, improvements, equipment, etc.

The capital stock and bonds of the old company, the Detroit Southern R. R. Co., outstanding on June 30, 1904, consisted of:

Preferred stock (4%).....	\$6,500,000
Common stock.....	10,500,000
Fixed Interest bonds.....	8,170,000
Equipment obligations	513,557

On June 1, 1905, the Detroit, Toledo & Ironton Ry. purchased about 72% of the capital stock of the Ann Arbor R. R., viz.: \$3,010,000 preferred and \$2,190,000 common stock. For the purpose of acquiring this stock \$5,500,000 5% 3½-year Coupon Notes were issued, bearing interest from June 1, 1905. The authorized issue of these notes is \$7,000,000, of which \$1,500,000 were reserved to acquire the remaining stock of the Ann Arbor R. R. Since 1905, \$92,400 additional preferred stock has been purchased. There are deposited as collateral for these notes \$5,000,000 Consolidated Mortgage 4½% bonds and the Ann Arbor R. R. stocks above mentioned. These notes were not paid off at maturity (see last below).

No dividends have been paid on the stock of the Ann Arbor R. R. The amount of the surplus earnings of that company for the last four fiscal years, to which the Detroit, Toledo & Ironton Ry. would have been entitled had the surplus been distributed in dividends, was about \$695,000.

See under Ann Arbor R. R. for earnings, etc., of that company. The financial condition of the Ann Arbor R. R. on June 30, 1909, was excellent.

As of June 30, 1909, main track contained:

8 miles of 90-pound steel	52 miles of 70-pound steel.
73 miles of 85-pound steel.	232 miles of 60-pound steel.
3 miles of 80-pound steel.	27 miles of 56-pound steel.

Following the appointment of Receivers in February, 1908, the interest on the Ohio Southern Division 4% bonds (\$4,495,000 outstanding) and on the Divisional and General Lien 4% bonds was met promptly until September, 1909, when the company failed to meet the coupons on the Ohio Southern Division 4% bonds; on December 1, 1909, the company defaulted in payment of the interest on the Divisional and General Lien 4% bonds. In accordance with the terms of the mortgage the company has the right to pay the Ohio Southern Division 4% coupons any time prior to March 1, 1910. Interest has also been defaulted upon certain of the equipment obligations outstanding, as well as upon the 5% Ann Arbor Collateral Notes referred to above.

Committees have been appointed in the interest of the

various classes of securities affected, but to the date of going to press no announcement had been made about reorganization. In November, 1908, the Committee representing the 5% Collateral Trust Notes agreed upon a plan whereby the securities deposited as collateral for the Notes would be disposed of and which in the opinion of the Committee representing said noteholders would net the owners of each \$1,000 Note the sum of \$900 less a proportionate share of the expenses of sale, trustee's and committee's fees and expenses. The sale of the collateral for the Notes was adjourned in January, 1909, by reason of a temporary injunction, and had not been made to Feb., 1910.

The balance sheet as of June 30, 1909, showed Current Liabilities far in excess of Current Assets. The balance sheet of the Company and of the Receivers showed a balance to the debit of Profit & Loss on June 30, 1909, of \$2,016,323.

In January, 1910, permission was granted by the Court to issue \$500,000 Receivers' Certificates, said certificates to have a first lien upon the property.

On account of the default of payment on Car Trust Notes the Detroit, Toledo & Ironton Ry. by order of Court surrendered to the American Car & Foundry Co., 30 locomotives out of a total of 90 in commission June 30, 1908; also 1,788 coal cars, 495 box cars and 196 flat cars out of a total of 4,549 coal cars, 1,823 box cars and 285 flat cars in commission June 30, 1908. Equipment on hand June 30, 1909, numbered 4,336 as against 6,833 on June 30, 1908, 6,919 on June 30, 1907, 7,023 on June 30, 1906 and 7,161 on June 30, 1905. The locomotives in service on June 30, 1909, were 40 less than they were on June 30, 1905. Wrecking cars have increased in number during this period from 11 to 15.

In 1908-9 Products of Mines contributed 64.1% of the total freight tonnage carried.

On Mar. 1, 1910, the coupons due Sept., 1909, and Mar., 1910, on the Ohio Southern Division, 4s, were paid.

EVANSVILLE & TERRE HAUTE R. R.

The preferred stock is limited to non-cumulative dividends of 5% per annum (semi-annually April and October). The dividend on the common stock is payable annually in November. Dividends have been paid as follows since 1899:

	'99	'00	'01	'02 to '05	'06 to '09
Preferred %.....	4½	5	5	5 yearly	5 yearly
Common %.....	2	3	1½	None	4 yearly

The Evansville & Terre Haute R. R. guarantees \$2,250,000 6% bonds of the Evansville & Indianapolis R. R.. This road was until 1904-5 operated separately. As the Evansville & Terre Haute R. R. owns \$2,000,000, the entire capital stock of the

Evansville & Indianapolis R. R. (134 miles owned and 12 miles leased), the operations of the latter are now included in the operations of the former. The report of the Evansville & Terre Haute R. R. for 1904-5 included for the first time the affairs and operations of both companies. The gross earnings of the Evansville & Indianapolis R. R. are small and the maintenance expenses are likewise very small, consequently the merging of the figures of the two companies in 1904-5 reduced considerably the earnings per mile as well as the expenses per mile. The Maintenance of Way expenses for the two roads combined (310 miles) were \$208,210, in 1908-9, against \$203,167 in 1903-4 for the Evansville & Terre Haute R. R. proper (164 miles). The average deficit of the Evansville & Indianapolis R. R. for the nine years to June 30, 1904, was over \$70,000 per annum. The payment of deficits of this road has proved a serious burden to the Evansville & Terre Haute R. R. For 1903-4 the deficit was \$90,388. The 1906-7 deficit (latest reported) amounted to \$66,936.

On June 30, 1900, the Chicago & Eastern Illinois R. R. owned \$3,161,450 or about 70% of the common stock of the Evansville & Terre Haute R. R. The preferred stock of the latter company does not carry voting power.

From the surplus for 1905-6 of the Evansville & Terre Haute R. R. there was appropriated \$42,921 for additions and improvements. No such appropriations were made from the surplus of 1906-7, 1907-8 and 1908-9.

57% of the freight tonnage for 1908-9 consisted of bituminous coal.

On June 30, 1900, Current Assets (including cash, \$654,925, and materials and fuel, \$153,220) amounted to \$1,183,071, and Current Liabilities amounted to \$484,200.

\$251,000 7% bonds matured September 1, 1909, and were paid off. \$30,000 6% bonds mature July 1, 1910.

GRAND RAPIDS & INDIANA RY.

In April, 1900, 1% was paid on the stock; in 1901 2% was paid, and regular dividends have since been paid at the rate of 3% per annum (April and October).

The Pennsylvania Co. controls the operation of this road through its ownership of stock. On December 31, 1908, the Pennsylvania Co. owned \$2,902,600 stock of this company.

The following amounts have been appropriated from surplus earnings for extraordinary expenditures:

Year 1900.....	\$102,692
Year 1901.....	164,600
Year 1902.....	128,700

Year 1903.....	\$81,515
Year 1905.....	100,000
Year 1906 (from income).....	51,700
Year 1907.....	65,222
Year 1908.....	52,390

From the 1907 surplus and from the 1908 surplus, \$22,966 each was deducted account of principal of Car Trusts.

On January 1, 1909, the Pennsylvania R. R. owned \$888,000 and the Pennsylvania Co. owned \$2,987,000 of the \$4,500,000 Second Mortgage bonds. The First Mortgage bonds, extended at 4½% (\$4,455,000), are guaranteed, principal and interest, by the Pennsylvania R. R. \$216,000 of these bonds were in the treasury of the latter company on December 31, 1908.

In 1905, the Grand Rapids & Indiana Ry. purchased, at about fifty cents per share, 18,988 shares of the 20,000 shares of the capital stock of the Manistique, Marquette & Northern R. R. (53 miles). The property of this road was sold in foreclosure in 1905, the successor being the Manistique & Northern R. R. Co. Receivers were later appointed for the latter company. It has been reorganized as the Manistique & Lake Superior R. R. and has become the property of the Ann Arbor R. R.

On December 31, 1908, Current Assets (including \$226,329 material on hand) were \$1,584,184 and Current Liabilities were \$908,302.

GREEN BAY & WESTERN R. R.

Class A debentures are entitled to 2½%, if earned, then common stock to 2½%, then the two issues share ratably, but after 5% has been paid on both, Class B debentures are entitled to all surplus earnings. Payments are made annually in February, as follows:

	'01	'02 to '04	'05 to '07	'08	'09	'10
Common Stock	% 3	4 yearly	5 yearly	5	5	5
Debentures "A"	% 3	4 yearly	5 yearly	5	5	5
Debentures "B"	% 0	None	None	½	⅜	¼

There are no fixed charges other than taxes and no fixed charges can be made, or the property sold or leased, without consent of 75% of the stock.

From the surplus of 1901, \$25,000 was appropriated for improvements. Charges were made to Profit & Loss on account of depreciation of equipment, general improvements, etc., as follows: In 1903, \$90,000; in 1904, \$40,000; in 1905, \$30,000; in 1906, \$30,000.

In 1907 \$20,000 was appropriated from the surplus for "Depreciation."

In 1906, \$25,000 was charged to Profit and Loss for "Special Tax Fund against liability to the State of Wisconsin in suit brought for back taxes."

The credit to Profit & Loss Account, December 31, 1908, was \$86,481.

A protective committee, John H. Davis, chairman (Louis M. Ogden, 25 Broad street, New York, secretary, United States Trust Co., depositary), requested deposits of Class B debentures in 1905. In 1906, a plan of readjustment dated October 1, was declared operative; *but in January, 1907, the plan was abandoned as impracticable.* The plan contemplated the organization of the Green Bay & St. Paul R. R. Co. to acquire the property of the Green Bay & Western R. R., and to provide for an extension of the line of railroad to St. Paul, about 120 miles. The funds necessary for the carrying out of this plan were to be provided by subscriptions from the holders of Class B debentures or such other persons as might take the place of those holders of the B's who failed to participate. Each holder of \$1,000 par value of B debentures was to be assessed \$400, and on completion of the proposed reorganization was to be entitled to receive for his subscription First Mortgage 4% bonds of the new company at 90%, also 50% in 4% non-cumulative preferred stock and 50% in common stock of the new company.

The plan contemplated the acquisition of the Series A debentures and stock of the Green Bay & Western R. R. The issue of new bonds was to be limited in amount to \$25,000 per mile of the existing line and any additional mileage. To take up the \$600,000 of Class A debentures, not less than an equal amount of such new issue of bonds was to be set aside. By the agreement the committee was authorized to acquire the capital stock of the Green Bay & Western R. R., or such part thereof as might be obtainable, but not less than the control thereof, at a price not to exceed par per share. It was provided that, in case the entire capital stock be not obtainable, the amount of the calls on subscribers would be proportionately reduced.

HOCKING VALLEY RY.

The preferred stock may be retired at par. After 4% on both the preferred and common stock shall have been paid for any fiscal year, further dividends for such year shall be for the equal benefit of both stocks. Dividends on both stocks have been paid in January and July, as follows: On preferred, 3½% in 1899-0; 4% thereafter, to and including January, 1910; on common, 1½% in 1900-1; 3% to and including January, 1907; thereafter 4% to and including January, 1910.

In June, 1901, all excepting \$54,100 common and \$11,600 preferred stock of the Toledo & Ohio Central Ry. had been ac-

quired through the purchase of the entire issue of \$8,421,000 Middle States Construction Co. Collateral 3s which are secured by those stocks. That road is operated separately. The Collateral 3s are all held by the Hocking Valley Ry.

The Hocking Valley Ry. is the joint indorser (principal and interest), with the Toledo & Ohio Central Ry., of the bonds of the Kanawha & Hocking Coal & Coke Co. (\$3,250,000), and of the bonds of the Continental Coal Co. (\$3,023,000).

As of June 30, 1909, the Hocking Valley Ry. held \$550,000 Kanawha & Michigan Ry. Equipment Notes. The control of the Kanawha & Michigan Ry. was acquired by the Toledo & Ohio Central Ry. in 1890. See below for terms of plan for consolidation of the Hocking Valley Ry. and Kanawha & Michigan Ry.

\$1,584,000 7% bonds mature May 1, 1910. \$2,441,000 Columbus & Toledo 1st 7s due August 1, 1905, were extended for 50 years at 4%.

In June, 1903, \$6,924,200 of the outstanding common stock was sold by J. P. Morgan & Co. to five railroad companies, viz.: The Pittsburgh, Cincinnati, Chicago & St. Louis Ry. (two-sixths interest) and Baltimore & Ohio R. R., Chesapeake & Ohio Ry., Lake Shore & Michigan Southern Ry. and Erie R. R. (each one-sixth interest), the owners receiving \$103 per share. The banking house issued \$7,270,410 three-year 5% gold "participation certificates" due June 28, 1906, secured by the stock and severally guaranteed by the various companies in the proportion named. These certificates were duly paid at maturity.

From the surplus of 1905-6, there was appropriated for additions and improvements the sum of \$89,256. From the surplus earnings of 1906-7, 1907-8 and 1908-9 respectively \$520,429, \$101,754 and \$79,655 were similarly appropriated.

In 1906, a plan was announced for the consolidation of the Hocking Valley Ry. and the Kanawha & Michigan Ry. The plan contemplated the retirement of the preferred stock of the Hocking Valley Ry. The new mortgage, the General Lien Mortgage, was created, securing an issue of \$30,000,000 4% bonds due 1936 (interest January and July). Of the new bonds \$17,000,000 were issuable in connection with the consolidation, the balance to be reserved to acquire additional property, including equipment, and for improvements and for funding equipment and other floating obligations assumed. Holders of stock of these two companies were offered new securities as follows:

	New Bonds	New Stock
Hocking Valley Ry., preferred, each \$100 to receive	\$110	..
Hocking Valley Ry., common, each \$100 to receive	..	\$100
Kanawha & Michigan Ry. stock, each \$100 to receive	..	60

On August 1, 1906, when the above plan was announced, the Hocking Valley Ry. owned \$4,510,000 of the outstanding (\$9,000,000) stock of the Kanawha & Michigan Ry. This stock was to be exchanged for \$56,000 new stock of the consolidated company. The new company would have had, therefore, \$13,750,000 capital stock.

Time to deposit stock under the above mentioned plan was extended to March 1, 1908, and subsequently to a later date.

Little progress was made during 1908 towards carrying out the plan for the consolidation of these roads, (as above), the delay having been brought about by the action of the authorities of the State of Ohio.

The Circuit Court of Franklin County, on July 22, 1909, unanimously affirmed the decision handed down on April 24, 1909, in the suit brought by the Attorney-General of Ohio, which held illegal the control by the company of the Kanawha & Michigan Ry., Toledo & Ohio Central Ry., Zanesville & Western Ry. and the allied coal properties.

In compliance with the commodity clause of the Hepburn law, the Hocking Valley Ry. Co. has divested itself of the ownership of the Sunday Creek Coal Co. and now has no coal interests in the Hocking Valley or the West Virginia field. The stock of the latter company is now owned by the Central Trust Co. of New York, and Jas. H. Hoyt, of Cleveland, is in financial charge of the company. The company has a capitalization of \$4,000,000, of which \$3,751,000 is outstanding. Practically all of this stock was owned by the Hocking Valley Ry. Co. until its transfer in May, 1908, to the Central Trust Co. It has a bonded debt of \$7,604,000. The railroad company guarantees the principal and interest of the bonds of the Sunday Creek Co.

The balance sheet of June 30, 1909, showed that the advances made to subsidiary and controlled companies for additions and improvements amounted to \$1,745,396. Not including these advances, and \$440,906 materials and supplies on hand, the total Working Assets on June 30, 1909, were \$4,156,552 and the total Working Liabilities were \$3,428,622. Included in the Working Assets were bills receivable to the amount of \$2,750,000.

About 82% of the total Gross Earnings for 1908-9 of the Hocking Valley Ry. were derived from coal and freight. Products of Mines contributed 76.9% of the total tonnage carried; bituminous coal contributing 68.5% of the total tonnage.

During 1906-7, 1907-8 and 1908-9 inclusive 74 miles of main track and 4 miles of second track were laid with 90-pound rail, replacing lighter rail. During the seven fiscal years prior to 1906-7 about 200 miles of main track were laid with 80-pound rail.

ILLINOIS CENTRAL R. R.

Dividends at the rate of 7% per annum are being paid in March and September. The 110th dividend was paid March, 1910.

From January 1, 1850, to January 1, 1910, nearly \$150,000,000 had been distributed by the Illinois Central R. R. in dividends.

On June 30, 1909, the Union Pacific R. R. and the Railroad Securities Co. (practically all of the stock of which company is owned by the former company) together owned \$32,000,000 of the outstanding stock of the Illinois Central R. R.

The following amounts have been appropriated from surplus earnings for betterments:

Year 1900-1.....	\$3,145,400
Year 1901-2.....	4,340,172
Year 1902-3.....	4,881,253
Year 1903-4.....	2,579,329
Year 1904-5.....	1,683,886
Year 1905-6.....	4,164,739
Year 1906-7.....	3,987,934
Year 1907-8.....	1,046,963
Year 1908-9.....	232,267

In 1904-5, \$1,255,396 was deducted from surplus account of discount on \$15,687,000 bonds sold during the year, and there was added to the Insurance Fund \$500,000 also taken from the surplus earnings of 1904-5. The balance to the credit of the Insurance Fund as of June 30, 1909, was \$2,009,655.

The Illinois Central R. R. has accumulated a Surplus Dividend Fund, which on June 30, 1909, amounted to \$1,457,887.

The equity of the Illinois Central R. R. in the earnings of the Yazoo & Mississippi Valley R. R. is considerable. The Illinois Central R. R. owns all of the \$9,104,000 Louisville, New Orleans & Texas Ry. 5% cumulative Second Mortgage income bonds, all the stock and a large majority of the other bonds of that road.

In September, 1903, \$277,712, representing a portion of the arrears of interest due and unpaid on these income bonds was paid to the Illinois Central R. R.; \$865,754 was paid in 1902, and \$1,016,279 was paid in 1901. As of June 30, 1909, the arrears of interest due and unpaid upon these income bonds amounted to \$9,070,533. No interest has been paid since 1903, as the balance of earnings in recent years has been transferred to the Insurance Fund or to Profit & Loss.

Through the sale in 1901 and 1902 of its stock at par to stockholders the Illinois Central R. R. received cash amounting to \$35,040,000 to be expended for betterments, equipment, second

tracks, etc. On January 1, 1910, the greater part of the road between Chicago and New Orleans had double track.

On May 18, 1908, stockholders were permitted to subscribe for \$14,256,000 new stock at par (15 per cent. of holdings), the proceeds from the sale of this stock to be used to reduce the company's floating debt.

As of *June 30, 1907*, main track included:

3 miles of 100-pound steel,	108 miles of 67-pound steel,
2,146 miles of 85-pound steel,	34 miles of 61½-pound steel,
1,346 miles of 75-pound steel,	903 miles of 60-pound steel,
234 miles of 70-pound steel,	327 miles of lighter weight.

Average weight of rail in main track June 30, 1909, was 76-pound, against 64-pound in 1901. The average age of rails was 10.54 years, that of locomotives 13.36 years, and that of revenue freight cars 7.60 years. All passenger cars and 98.3% of the freight cars in service were equipped with air-brake appliances.

In July, 1905, an option for three years for the purchase of a majority of the stock and bonds of the Tennessee Central R. R. and Nashville Terminal Co. (leased) was secured jointly by the Illinois Central R. R. and the Southern Ry. These two companies own 320 miles. On December 1, 1905, the Illinois Central R. R. took over the operation of a part of this railway, from Nashville, Tenn., to Hopkinsville, Ky., 85 miles. On July 1, 1908, operation was resumed by the Tennessee Central R. R., the Illinois Central R. R. and the Southern Ry. having allowed the 3-year option to purchase the road to lapse. The gross receipts of the Tennessee Central R. R. for the three years to June 30, 1908, were \$1,054,008, the operating expenses and taxes were \$1,355,059 and the resulting deficit was \$301,050. The payment of interest and other expenses during the three years involved a further expenditure of \$908,864. \$1,338,000 of the latter company's \$4,014,000 4% bonds were on June 30, 1909, in the Treasury of the Illinois Central R. R.

In 1905-6, the Illinois Central R. R. made trackage agreements for the use of 136 miles of tracks of other railroads, which, with 83 miles additional constructed by the Illinois Central R. R. (completed in January, 1908), gives the latter direct access to Birmingham, Ala. A modern freight terminal in Birmingham has been built and is owned by the Illinois Central R. R. The amount expended to June 30, 1909, on the line to Birmingham, including the Birmingham Terminals, was \$6,028,043.

The Indianapolis Southern Ry., extending from Effingham, Ill., to Indianapolis, Ind. (179 miles), is owned by the Illinois Central R. R., but operated separately. On June 30, 1909, the Illinois Central R. R. owned all of the bonds of this company, to an aggregate amount of \$10,000,000, valued on the company's

books at their cost, \$8,772.658. This company earned during the year 1908-9, gross, \$937,109 and net after taxes, \$170,398.

In November, 1908, the company sold \$20,000,000 Refunding Mortgage 4% bonds due 1955. These bonds are part of an authorized issue of \$120,000,000, of which the unissued bonds are reserved as follows: \$61,766,000 to retire prior lien bonds; \$28,234,000 to provide for the construction of additional main track tunnels and bridges, the purchase of real estate and equipment, the improvement of the property, funding of indebtedness and for other corporate purposes, and \$10,000,000 to acquire the property of the Indianapolis Southern R. R.

During 1908-9 the entire capital stock of the Central of Georgia Ry. (\$5,000,000), acquired in 1907 by Mr. E. H. Harri-man, was turned over to the Illinois Central R. R. Co. The cost of this stock to the Illinois Central R. R. was \$3,474,249. This acquisition gives the company control of 1915 miles of main line and affords an outlet to the Atlantic Coast at Savannah, as well as direct entrance into the principal cities in the States of Alabama and Georgia.

In 1908, the Illinois Central R. R. purchased from the Yazoo & Mississippi Valley R. R., terminal property at New Orleans at a cost of \$4,922,275. (See that company.) Additional expenditures at New Orleans in 1908-9 brought the total cost of these terminals at June 30, 1909, to \$5,843,194.

KANAWHA & MICHIGAN RY.

See Notes under Hocking Valley Ry. for details of plan for consolidation of that company with the Kanawha & Michigan Ry. For the minority stock of the Kanawha & Michigan Ry. 60% was offered in New Hocking Valley Ry. stock (the preferred stock of the latter to be retired). The majority of the stock of the Kanawha & Michigan Ry. was acquired in 1890 by the Toledo & Ohio Central Ry., which company guarantees Kanawha & Michigan Ry. First Mortgage 4% bonds.

The Directors on December 17, 1909, declared that hereafter the Company would not expend in excess of 60% of the total surplus for improvements and that the balance would be used for dividends.

As of June 30, 1909, the company held \$1,000,000 of its own capital stock in the treasury.

On June 30, 1909, the Hocking Valley Ry. held equipment notes of this company amounting to \$550,000.

In the last few years large sums have been included in operating expenses for improvements. Maintenance of Way expenses

and Maintenance of Equipment expenses have averaged for five years as follows:

	1908-9	1907-8	1906-7	1905-6	1904-5
Maintenance of Way.....	\$2,539	\$2,506	\$2,409	\$1,939	\$1,986
Maintenance of Equipment....	3,160	2,936	3,114	3,007	2,556

From accumulated surplus there was deducted in 1906-7, for additions and improvements, \$236,723, and account of payment of principal of equipment trust obligations, \$148,146. From the surplus for 1907-8 \$116,893 was deducted account of Betterments to Property; from the surplus for 1908-9, \$118,468 was so deducted.

In 1907, \$2,500,000 Second Mortgage 5% bonds, due July 1, 1927, were authorized. These bonds are subject to retirement at par and interest on any interest date on three months' prior notice. The proceeds from the sale of these bonds were used to pay off car trust obligations, floating debt, etc. The entire issue was outstanding on June 30, 1909, \$422,000 bonds having been sold during the year 1908-9. A large portion of the total issue was taken by the Hocking Valley Ry. in payment for previous advances.

During the three fiscal years 1906-7 to 1908-9, 66 miles of main track (37% of total mileage) were laid with 90-pound rail, replacing lighter weights. Practically the balance of the road is laid with 80-pound and 70-pound rail. The cost of rail renewals during recent years has been almost entirely charged to Operating Expenses or deducted from Surplus. The entire main track has been relaid with rails of above weights (70 to 90-pound) during the past eight years.

Bituminous coal contributed 73.0% of the total freight tonnage hauled during 1908-9. About 77% of all freight handled originated on the line of this company.

LAKE ERIE & WESTERN R. R.

The preferred stock is entitled to non-cumulative dividends of 6% per annum. After the common stock has received 6% both issues share pro rata.

The preferred stock received 4% per annum in 1901, 1902 and 1903 and 3% in 1904. In 1905, 4% was paid. The 1906 and 1907 dividends were 3% each; 2% in January and 1% in July. On January 15, 1908, 1% was paid, but in July, 1908, dividends were suspended.

The Lake Shore & Michigan Southern Ry. owns a majority of each class of stock of the Lake Erie & Western R. R. On January 1, 1909, the "Lake Shore" owned \$5,930,000 preferred and \$5,940,000 common stock.

From accumulated surplus \$200,000 was credited in 1901 to Special Improvement Fund. In 1902 charges were made to this fund to the amount of \$135,889, and the fund was exhausted in 1903.

The following amounts have been appropriated from surplus earnings for extraordinary expenditures:

1903.....	\$78,567
1904.....	44,658
1905.....	70,139
1906.....	87,092
1907.....	None
1908.....	20,815

The balance sheet of December 31, 1908, showed Current Assets of \$988,374 (not including \$390,972 fuel and supplies on hand). Current Liabilities were \$2,812,221. There was a debit balance to Profit and Loss of \$54,712.

The earnings for the year 1909 were as follows:

	1909.	1908.
Gross earnings.....	\$5,043,990	\$4,361,158
Operating expenses.....	3,860,442	3,660,394
Net earnings	1,183,547	700,764

LAKE ERIE, ALLIANCE & WHEELING R. R.

No dividends are being paid on the stock of this company.

This road is owned by the Lake Shore & Michigan Southern Ry. Besides owning the entire capital stock of the Lake Erie, Alliance & Wheeling R. R., the "Lake Shore" owns the entire capital stock (\$2,000,000) of the Lake Erie, Alliance & Wheeling Coal Co. which company is operated in connection with the railroad.

An extension of this line from Dillonvale, Ohio, its present southern terminus, to a point opposite Wheeling, W. Va., is contemplated.

Bituminous coal contributed 93% of the total tonnage hauled during 1908. Freight earnings amounted to about 90% of the total earnings from operations in 1908.

The balance sheet of the Lake Erie, Alliance & Wheeling R. R. showed the sum of \$1,015,526 due the Lake Shore & Michigan Southern Ry. on December 31, 1908.

LAKE SHORE & MICHIGAN SOUTHERN RY.

Regular dividends at the rate of 12% per annum are now being paid on the stock of this company. In January, 1908, in addition to the regular semi-annual dividend of 6%, an extra dividend of 2% was paid. In January, 1904, the rate was raised from 7% to 8%, and in January, 1907, the rate was

raised to 12%. Dividends are paid semi-annually, January and July. In March, 1910, an extra dividend of 6% was paid.

The New York Central & Hudson River R. R. owns practically all of the Lake Shore stock, having acquired it through the issue, in exchange, of its 3½% bonds at the rate of \$200 in bonds for each \$100 in stock. In 1898-9, \$45,289,200 stock was thus exchanged.

The capital stock has remained unchanged since 1871, and nothing had been charged to construction and equipment accounts since 1883, with the exception that in 1906, there was charged to cost of road and equipment account for additional new equipment the sum of \$7,500,000.

By the operation of the refunding plan, since June 1, 1897, there had been retired to January 1, 1909, about \$44,000,000 of the various issues of old 7% bonds, and an annual interest saving of about \$1,300,000 had been effected thereby.

In September, 1903, \$50,000,000 4% bonds (due 1928) were authorized and \$40,000,000 thereof sold, the proceeds having been used largely to reduce the temporary indebtedness due to large purchases of securities of other companies. In 1905, the remaining \$10,000,000 bonds of this issue were sold. These are debenture bonds. In 1906 there were sold \$35,000,000 of an authorized issue of \$50,000,000 new debenture bonds, due 1931. The remaining bonds of this issue were sold in January, 1910, and the proceeds used to retire \$15,000,000 three-year 5% Notes which matured on February 1, 1910.

Operating expenses in 1904, 1903 and 1902 included the following charges of an extraordinary nature:

	1904	1903	1902
For New Equipment.....	\$2,776,034	\$1,788,140	\$1,423,673
For Construction and Betterments.	2,781,202	4,527,136	2,768,788

In 1905 a change was made in the method of stating the income account, in that expenditures of an extraordinary nature, as those above, were not included in the operating expenses proper, but were stated separately. Thus, in 1905, 1906 and 1907 \$3,360,773, \$1,201,847, and \$011,126, respectively, were expended for new equipment, in addition to the amounts charged to expenses for maintenance and renewals, and \$3,743,020 in 1905, \$4,221,846 in 1906, \$4,082,988 in 1907, and \$1,292,276 in 1908, were expended for new structures, tracks, etc., in addition to the regular charges for maintenance. Accordingly these amounts are considered as having been deducted from the surplus as shown on the statistical page in this book.

Among its assets as of December 31, 1908, the Lake Shore held the following stocks of other railroads:

New York, Chicago & St. Louis R. R....	\$2,503,000	1st pfd. stock
New York, Chicago & St. Louis R. R....	6,275,000	2d pfd. stock
New York, Chicago & St. Louis R. R....	6,240,000	common stock
Lake Erie & Western R. R.....	5,930,000	prefer'd stock
Lake Erie & Western R. R.....	5,940,000	common stock
Cleveland, Cincinnati, Chic. & St. L. Ry..	30,207,700	common stock
Chicago, Indiana & Southern R. R.....	5,000,000	prefer'd stock
Chicago, Indiana & Southern R. R.....	12,000,000	common stock
Lake Erie, Alliance & Wheeling R. R.	} 5,000,000	capital stock
Lake Erie, Alliance & Wheeling Coal Co.		
Pittsburgh & Lake Erie R. R.....	*5,000,100	common stock
Reading Company.....	6,065,000	1st pfd. stock
Reading Company.....	14,265,000	2d pfd. stock
Reading Company.....	10,002,500	common stock
Hocking Valley Ry.....	1,154,000	common stock

*Since increased to \$10,500,210. See under Pittsburgh & Lake Erie R. R.

In 1908, \$5,700,000 common stock of the Lehigh Valley R. R. was sold. The profit derived from the sale of this stock was \$3,472,595.

All the above and other securities, aggregating \$128,952,450 par value, were valued on the company's books at \$89,718,447.

The Lake Erie & Western R. R. stocks cost \$5,847,017. The "Nickel Plate" stocks have been owned since 1882 and are valued on the company's books at \$8,447,747.

In 1901 the "Lake Shore" purchased at \$30 per \$50 share \$3,200,000 Lehigh Valley R. R. stock and in 1903 purchased additional Lehigh Valley R. R. stock to the amount of \$2,500,000 par value (entire holdings sold in 1908 as stated above); in 1902 the company purchased practically all of the Indiana, Illinois & Iowa R. R. stock (since exchanged for Chicago, Indiana & Southern R. R. stocks) and subscribed to new Pittsburgh & Lake Erie R. R. stock. Again it subscribed to Pittsburgh & Lake Erie R. R. stock in 1903. See under Pittsburgh & Lake Erie R. R. regarding issue of stock (\$5,000,000) sold in January, 1909, and \$6,000,000 in February, 1910. Reading Co.'s stock was purchased in 1903. The Baltimore & Ohio R. R. owns a like amount of Reading Co. stock. On December 31, 1903, the Lake Shore & Michigan Southern Ry. and the Baltimore & Ohio R. R. owned each \$13,952,500 Reading Co. common stock. Each company sold in 1904, \$3,950,000 of this stock.

In 1905, \$7,528,700 "Big Four" common stock was purchased, and in 1906, \$4,395,400 additional was purchased. In 1907 the "Lake Shore" holdings in "Big Four" were further increased to the extent of \$7,059,600 par value, making the total owned as above, \$30,207,700. Also in 1906, the stock of the Chicago,

Indiana & Southern R. R. and of the Hocking Valley Ry. was acquired.

In January, 1903, the entire stock of the Lake Erie, Alliance & Wheeling R. R. (88 miles) was purchased, together with all the stock of the Lake Erie, Alliance & Wheeling Coal Co. and 51% of that of the Jefferson Coal Co.; also other properties and lands.

See Hocking Valley Ry. as to the ownership of that road's common stock.

The Lake Shore & Michigan Southern Ry., the New York Central & Hudson River R. R., the Michigan Central R. R., the Cleveland, Cincinnati, Chicago & St. Louis Ry., and the Chicago, Indiana & Southern R. R., jointly and severally, guarantee the principal and interest of \$30,000,000 New York Central Lines 5% Equipment Trust Certificates, which were sold late in 1907. These certificates mature, at the rate of \$2,000,000 per annum beginning November 1, 1908. The "Lake Shore's" share of equipment leased amounts to about \$7,500,000. (See under New York Central & Hudson River R. R.)

In 1909 the "Lake Shore" acquired by lease the Jamestown, Franklin & Clearfield R. R. operating (October, 1909), 185 miles, including 53 miles of trackage. Under the terms of the lease the "Lake Shore" pays as annual rental all interest on bonds issued or to be issued and 5% on \$3,000,000 stock. On July 22, 1909, \$25,000,000 4% bonds due 1959 were authorized. \$11,000,000 are to be issued shortly to liquidate outstanding debts, largely in the form of advances made by the "Lake Shore." These bonds will be guaranteed principal and interest by the Lake Shore & Michigan Southern Ry.

The balance sheet of the "Lake Shore" as of December 31, 1908 showed Current Assets (not including \$3,512,137 fuel and supplies), amounting to \$32,396,543 and Current Liabilities, \$8,840,037. The balance sheet showed also among the assets, \$14,902,533, representing "Advances for Lessor and Other Companies." The credit balance to Profit & Loss as of December 31, 1908, was \$21,515,868.

The earnings for the year 1909 compare as follows:

	1909.	1908.
Gross earnings.....	\$45,110,997	\$39,066,941
Operating expenses.....	28,023,661	25,206,504
Net earnings.....	17,087,336	13,860,437

MICHIGAN CENTRAL R. R.

Regular dividends at the rate of 6% per annum are being paid on the stock of this company. In January, 1908, in addition to the regular semi-annual dividend of 3%, an extra dividend of 2% was paid, making a total of 8% for 1908. The January, 1910, dividend

was 3%. Prior to January, 1907, 4% per annum was paid in semi-annual installments.

The New York Central & Hudson River R. R. owned in January, 1909, \$16,819,300 of the stock of this road, having acquired it in 1898 in exchange for its 3½% bonds at the rate of \$115 in bonds for each \$100 in stock.

In February, 1902, the Michigan Central R. R., jointly with the Lake Shore & Michigan Southern Ry., took over the Detroit, Toledo & Milwaukee R. R. (133 miles). In 1906 the Michigan Central R. R. acquired \$3,000,000 common stock of the Chicago, Indiana & Southern R. R.; the balance of that company's stock, namely \$17,000,000, was acquired by the Lake Shore & Michigan Southern Ry. \$3,825,000 first mortgage 4% bonds of the Chicago, Indiana & Southern R. R., which had previously been held in the treasury of the Michigan Central R. R., were disposed of in 1908. \$315,109, the loss on these bonds, were debited to Profit and Loss.

The \$14,000,000 5% bonds of the Canada Southern Ry. (leased line), which matured January 1, 1908, were extended for five years at 6% interest. \$6,000,000 additional Canada Southern Ry. bonds (5%) mature in 1913.

Under a contract dated 1882 and expired 1903, the Michigan Central R. R. leased the Canada Southern Ry., paying the latter a certain proportion of surplus earnings. This payment amounted to \$375,238 in 1901, \$310,167 in 1902, and \$355,088 in 1903. On June 3, 1903, the stockholders of the Canada Southern Ry. voted to make a new lease to the Michigan Central R. R. for 999 years, the latter guaranteeing dividends on the \$15,000,000 stock at 2½% yearly to January 1, 1910, and thereafter at 3% yearly.

In 1909 the Michigan Central R. R. was building a third-rail electric tunnel road under the Detroit River from Windsor, Ontario, to Detroit, Michigan, about 2½ miles long, under the charter of the Detroit River Tunnel Co., to cost between \$8,000,000 and \$10,000,000. This work was expected to be completed early in 1910. The Detroit River Tunnel Co. bonds (authorized issue \$15,000,000), bearing interest at not above 5%, will be guaranteed by the Michigan Central R. R.. The Tunnel Co. is leased to the Michigan Central R. R. for 999 years from January 1, 1907.

Jointly with four other companies, the Michigan Central R. R. guarantees \$30,000,000 New York Central Lines 5% Equipment Trust Certificates which were sold late in 1907. See under New York Central & Hudson River R. R.. The cost of the equipment to be leased under this agreement by the Michigan Central R. R. is about \$4,200,000.

In 1906, the Chicago, Kalamazoo & Saginaw Ry., Pavilion to Woodbury, Mich. (55 miles), was acquired but is operated separately.

On May 1, 1907, the Michigan Central R. R. acquired the

entire capital stock of the Detroit & Charlevoix R. R., which extends from Frederic, Mich., to East Jordan, Mich. (43.5 miles).

The directors on April 7, 1909, passed a resolution authorizing the issue of \$25,000,000 4%, 20-year, debenture bonds for the purpose of refunding \$10,000,000 short-term notes, maturing in 1910 and providing the company with new funds. \$7,634,000 of these debentures were sold in August, 1909, to provide for advances to the Detroit River Tunnel Co. They are to be secured by any new mortgage, but existing mortgages may be extended.

\$1,500,000 Grand River Valley R. R. first mortgage 6% bonds matured September 1, 1909. To retire these and for other corporate purposes the stockholders of the Grand River Valley R. R. authorized on May 11, 1909, a mortgage to be made jointly with the Michigan Central R. R. to secure an issue of \$4,500,000 4% 50-year bonds. Of these bonds \$1,500,000 were issuable for funding purposes, as stated above, \$1,500,000 for double tracking and the balance for future requirements.

The earnings for the year 1909 compare as follows:

	1909.	1908.
Gross earnings.....	\$27,415,467	\$24,222,139
Operating expenses.....	18,499,528	16,783,768
Net earnings.....	8,915,939	7,438,371

NEW YORK, CHICAGO & ST. LOUIS R. R.

The first and second preferred stocks are entitled to non-cumulative dividends of 5% per annum, and after 5% shall have been paid on the common stock, all classes of stock share alike in any further dividends. Dividends have been paid on the preferred stocks, each year in March, since 1901 as follows:

	1901	1902 to 1906	1907	1908 to 1910
1st preferred, %	5	5 yearly	5	5 yearly
2nd preferred, %	2	3 yearly	4	5 yearly

In March, 1910, in addition to the regular dividend paid on first and second preferred stock, an initial dividend of 3% was declared on the common stock. All classes of stocks will hereafter receive dividends semi-annually, March and September.

Since 1882 the Lake Shore & Michigan Southern Ry. has owned \$2,503,000 first preferred, \$6,275,000 second preferred, and \$6,240,000 common stock of this road. On December 31, 1908, the "Lake Shore" owned stocks of this road, as stated, which were valued at \$8,447,747.

Of the "Nickel Plate's" gross income a relatively large proportion each year has been consumed by conducting transportation and general expenses.

Additions and betterments, representing new construction, new

equipment (additions), etc., were included in operating expenses, as follows:

Year 1901.....	\$756,000
Year 1902.....	585,000
Year 1903.....	645,572
Year 1904.....	674,467

In 1905 a new method was adopted in presenting the Income Account, in that expenditures for new construction (additional betterments) and for new equipment (additions) were stated separately and not included in the operating expenses proper. Accordingly, so far as the figures on the statistical page are concerned, these expenditures, \$537,341 in 1905, \$632,889 in 1906, and \$893,584 in 1907, are considered as having been deducted from the surplus earnings. Further sums of \$250,000, \$350,000 and \$500,000 respectively, were deducted from the surplus earnings for 1905, 1906 and 1907, and credited to a special improvement fund for new equipment and betterments. No similar deductions were made during 1908.

In March, 1906, \$10,000,000 debenture 4% bonds, due May 1, 1931, were authorized, the proceeds to be used for equipment, improvements, etc. These debentures are all outstanding.

The balance sheet of December 31, 1908, showed Current Assets (not including \$530,117 fuel and supplies), \$8,443,661; Current Liabilities, \$2,338,641; excess of Current Assets, \$6,105,020.

A comparison of the statements of the "Nickel Plate" for 1908 with those of 1898 shows as follows:

	1908	1898	Increase
Miles operated	523	513	
*Gross Income	\$9,490,892	\$6,397,377	\$3,093,515
Maintenance Expenses	1,944,300	971,784	972,516
Fixed Charges	1,486,384	1,208,443	277,941
†Surplus	987,909	58,463	929,446
Dividends Paid	800,000	....	800,000

Stock Outstanding ..	\$30,000,000	\$30,000,000	....
Bonds Outstanding ..	29,246,000	19,425,000	\$9,821,000
Miles Second Track. 73 miles	15 miles	58 miles	
Miles Sidings	262 miles	192 miles	70 miles

*For 1909 Gross Earnings were \$10,076,207. †For 1909 (estimated) \$1,400,000.

OHIO & LITTLE KANAWHA R. R.

No dividends are being paid.

The Baltimore & Ohio R. R. owned as of June 30, 1909, a majority of both classes of the stock of this company, viz.: \$585,000 common stock and \$824,000 preferred stock, these stocks being deposited under its Pittsburgh, Lake Erie & West Virginia mortgage.

PEORIA & EASTERN RY.

Interest on the income bonds is payable, when earned, on April 1 of each year, from earnings of preceding calendar year. Owing to the fact that the Peoria & Eastern Ry. used its surplus earnings toward the extinguishment of a debt to the Cleveland, Cincinnati, Chicago & St. Louis Ry., no interest was paid on these bonds prior to April 1, 1902. On that date 4% was paid, and the interest was paid regularly thereafter to and including the payment made on April 1, 1908. The interest was not paid on April 1, 1909. The full 4% on these bonds was paid on April 1, 1910.

The Cleveland, Cincinnati, Chicago & St. Louis Ry. owns a majority of the stock of the Peoria & Eastern Ry.

The Peoria & Eastern Ry. owns \$125,000 stock (one-eighth) of the Peoria & Pekin Union Ry.

Large sums have for several years been included in operating expenses for improvements. The maintenance expenses on the same mileage (352 miles) averaged for the four years to June 30, 1904, as follows:

Year.	1903-4.	1902-3.	1901-2.	1900-1.
Maintenance of Way.....	\$565,411	\$625,705	\$476,750	\$377,850
Maintenance of Equipment.	577,951	549,686	455,585	419,475

In 1905 a new method was adopted in presenting the statement of Income Account, in that expenditures for new construction (addition betterments) and for new equipment (additions) were stated separately and not included in the operating expenses proper. Accordingly, so far as the figures given on the statistical page in this book are concerned, these expenditures, aggregating \$98,142 in 1905, \$118,700 in 1906, \$87,247 in 1907, and \$90,349 in 1908, are deemed to have been deducted from the surplus earnings for the years mentioned. Further sums of \$100,000 and \$150,000 respectively, were deducted from the surplus earnings of 1905 and 1906, being credited to a special improvement fund. The total reserve fund on December 31, 1906, amounted to \$214,313. This fund was used in 1907 for the purchase of new equipment, and in 1908, further payments for new equipment were made to the amount of \$114,618, which sum was charged to Profit & Loss account.

In the annual report for 1902-3 of the Cleveland, Cincinnati, Chicago & St. Louis Ry. the president, referring to the Income Account of the Peoria & Eastern Ry. for the fiscal year 1902-3, stated that "the explanation of no increase in the net is that the Peoria & Eastern Ry. has expended its surplus earnings entirely in improving its property. \$97,000 has been paid for new freight cars and charged to expenses, and \$205,766 has been expended in extraordinary improvements and additions to the

road and shops." He said further that "altogether there has been a marked and permanent improvement in the condition of that property. Two years more of expenditures like those of the last two years will place it in good condition for doing a very large business economically."

The balance as of December 31, 1908, to the credit of Profit and Loss, \$156,280, as shown by the balance sheet of the Peoria & Eastern Ry., was represented by securities owned of a value in excess of that amount.

The "Big Four" guarantees the interest on Peoria & Eastern Ry. bonds, excepting the income bonds.

The earnings for the calendar year 1909 compare as follows:

	1909.	1908.
Gross earnings.....	\$3,026,856	\$2,728,154
Operating expenses.....	2,130,143	1,995,655
Net earnings.....	896,713	732,499

PERE MARQUETTE R. R.

On December 4, 1905, Judson Harmon, of Cincinnati, was appointed Receiver of this company, as well as of the Cincinnati, Hamilton & Dayton Ry. In December, 1907, reorganization was effected without foreclosure. The reorganization took the form of a consolidation of the old company with a subsidiary known as the Pere Marquette R. R. of Indiana. The lease to the Cincinnati, Hamilton & Dayton Ry. was cancelled, all claims between the two companies to be settled by arbitration. The Court awarded the Pere Marquette R. R. in April, 1908, the net sum of \$1,364,387, in settlement of all claims against the C. H. & D. Ry.

See Notes under Cincinnati, Hamilton & Dayton Ry., for facts as to the lease, dated March 1, 1905, of the Pere Marquette R. R. to that company. No payments were made in 1905-6 and 1906-7 account of this lease, the Court, in January, 1906, having authorized the Receiver to relinquish possession under the lease. In 1904, the Cincinnati, Hamilton & Dayton Ry. purchased a large interest in the capital stock of the Pere Marquette R. R. On June 30, 1909, \$11,000,000 old stock of the Pere Marquette R. R. was held by the Cincinnati, Hamilton & Dayton Ry., but this stock was pledged under that company's Refunding 4% bonds. See that company.

Under the plan of reorganization, the new company has the same total authorized stock as the old company, namely: \$12,000,000 preferred and \$16,000,000 common stock. The preferred stock consists of two classes; 4% first preferred stock, the dividends to be cumulative after January 1, 1911,

with preference also to the assets, and 4% non-cumulative second preferred stock without preference as to assets.

The new company assumed the existing bonded debt, and issued \$5,000,000 6% 5-year debentures (due 1912) to pay off the Receiver's Certificates, the floating debt, etc. Holders of preferred stock of the old company were given the right to subscribe at par for these debentures, to the extent of 50% of their respective holdings. The holders of common stock of the old company were given the right to subscribe to the amount of 20% of their holdings. Holders of preferred and common stock of the old company, who subscribed for the new debentures, received \$115 in new first preferred stock and \$120 in new common stock, respectively, in exchange for \$100 of their former holdings; those who did not subscribe received par in new second preferred and par in common stock, respectively.

The Pere Marquette R. R. acquired the entire stock of the Chicago, Cincinnati & Louisville R. R. by the issue of \$3,500,000 Collateral Trust 4% bonds, due 1914, guaranteed by the Cincinnati, Hamilton & Dayton Ry. The interest on these bonds was defaulted in January, 1906, and in February, 1906, the Pere Marquette R. R. commenced a suit in equity against the vendors of this stock, to obtain a decree cancelling this issue of bonds, on the ground that the bonds were issued under circumstances rendering them void in the hands of the then holders, and that there was no authority to issue them. A preliminary injunction was issued restraining transfer of the bonds pending suit. In April, 1907, a settlement was reached by which, in consideration of \$400,000 in Receiver's Certificates, these bonds were surrendered and cancelled—the Pere Marquette R. R. yielding any claims it had to the capital stock of the Chicago, Cincinnati & Louisville R. R., and for advances to that company. On February 13, 1908, a receiver was appointed for the latter company.

During the year 1905-6, 97 miles of 85-pound rail were laid on the main lines; in 1906-7 likewise, 36 miles; in 1907-8, 17 miles were laid, and in 1908-9 1 mile was laid.

Of the mileage operated in 1908-9, 246 miles were operated under trackage rights, including 132 miles owned by the Michigan Central R. R., from St. Thomas, Ont., easterly to Suspension Bridge N. Y. and from Welland, Ont., to Black Rock, N. Y.

On March 1, 1908, bonds of the Eastern Equipment Co. (\$2,612,000) guaranteed by the Pere Marquette R. R. became due. An extension of the payment of \$2,600,000 of those bonds was obtained, \$650,000 payable on March 1st of each year until and including 1912. The extension was affected in the following manner:—The Eastern Equipment Co. bonds were deposited by the holders thereof with the Trustee, and the Pere Marquette

R. R.'s Equipment Notes (6%) were thereupon issued and certified to a like amount, all pursuant to an agreement between the Eastern Equipment Co., the Pere Marquette R. R. and the Trustee, the new notes being secured by the bonds and also by a deposit of \$500,000 of Pere Marquette R. R. Refunding Mortgage bonds.

PITTSBURGH, CINCINNATI, CHICAGO & ST. LOUIS RY.

The preferred stock is entitled to non-cumulative dividends at the rate of 4% with the right to receive, after 3% has been paid on the common stock, an additional 1%, making 5% in all.

After the common stock has received 5% both classes of stock share pro rata. The preferred is receiving 5%, heretofore paid semi-annually in January and July. The common received 4% per annum in 1909 but the semi-annual dividend paid February, 1910, was 2½%. At that time it was announced that dividends would hereafter be paid quarterly on both classes of stock.

The following sums have been appropriated from surplus earnings in recent years:

	For Extraordinary Expenditures,	For Sinking Funds.
Year 1900.....	\$690,601	.....
Year 1901.....	1,419,756	\$378,984
Year 1902.....	808,661	424,020
Year 1903.....	347,351	419,860
Year 1904.....	690,058	443,514
Year 1905.....	1,000,000	455,400
Year 1906.....	900,000	*1,046,123
Year 1907.....	875,233	*1,040,523
Year 1908.....	358,000	*1,094,723

*Includes \$596,133 payments on account of principal of car trusts (in previous years included in Fixed Charges).

On December 31, 1908, the Pennsylvania Company owned stock of the Pittsburgh, Cincinnati, Chicago & St. Louis Ry. as follows:

Preferred stock.....	\$22,470,700
Common stock.....	16,632,900

In 1907, \$3,853,800 common stock was issued in exchange for the \$644,800 outstanding stock of the Chartiers Ry. (theretofore operated under lease), on the basis of \$300 of such stock for \$50 Chartiers Ry. stock. On December 31, 1906, the Pennsylvania Company owned \$333,850 of the stock of the Chartiers Ry.

In December, 1903, the privilege was given to stockholders to subscribe at par to the extent of 10% of their holdings to

\$4,750,000 preferred stock, payment to be made in full on or before December 15, 1903.

The directors of the Pittsburgh, Cincinnati, Chicago and St. Louis Ry. in January, 1910, authorized a stock allotment of 12½% at par to stockholders of record February 5, 1910. \$7,015,600 new common stock was sold, and the proceeds used for the payment of indebtedness incurred for construction expenditures and to pay for additional construction, and the purchase of real estate and equipment. The board also authorized the issue of \$4,000,000 Consolidated Mortgage 4% bonds to redeem maturing 7% bonds.

On December 31, 1908, \$2,308,200 common stock of the Hocking Valley Ry. was in the treasury of the Pittsburgh, Cincinnati, Chicago & St. Louis Ry. As to joint control of Hocking Valley Ry., see that company.

The "Panhhandle" company owns the entire capital stock, \$2,000,000, of the Cincinnati & Muskingum Valley R. R. Co. and \$541,600 stock of the Vandalia R. R. Co. On December 31, 1907, the company owned \$1,780,950 Special Betterment Stock of the Little Miami R. R. Co. This stock was disposed of in 1908.

\$2,996,000 7% bonds matured in 1904.

\$4,967,000 5% and 7% bonds mature in 1910 and 1914.

The balance due on account of principal under Car Trust contracts (not shown as a liability in the balance sheet) was, December 31, 1908, \$7,297,302.

There was charged to Capital Account during 1906, for construction, right of way and real estate, the sum of \$2,574,287, and for equipment \$1,470,429, a total of \$4,044,716. The balance sheet showed that this company was indebted to the Pennsylvania Company for advances for construction, etc., at the close of 1906 to the amount of \$4,250,000. This indebtedness was reduced during 1907 to \$900,000 but was increased in 1908 to \$1,800,000. Charges to Capital Account for construction, right of way and real estate amounted in 1907 to \$4,987,666, and for equipment \$610,894, a total of \$5,598,560. Of this, \$4,496,540 was represented by the property franchises, etc., of the Chartiers Ry. (see above).

The total charges to Capital Account in 1908 for construction, new equipment, etc., were \$1,539,963. \$2,500,000 Collateral Obligations were paid off and cancelled in June, 1908.

The earnings for 1909 compare as follows:

	1909.	1908.
Gross earnings.....	\$30,374,045	\$26,132,038
Net earnings.....	8,374,839	7,219,577

PITTSBURGH, FORT WAYNE & CHICAGO RY.

The operations of this company are included in the General Income Account of the Pennsylvania Company.

Dividends at the rate of 7% per annum are paid in quarterly payments, beginning January. Dividends at this rate are guaranteed on both stocks under the terms of a perpetual lease, made on July 1, 1869, to the Pennsylvania R. R., which lease was subsequently assigned to the Pennsylvania Company. The cited lease provides that the rental shall amount to the interest and sinking fund on debt and 7% on the capital stock.

The Guaranteed Special stock is issued to the Pennsylvania R. R. for improvements under Article 16 of the lease, which provides that the lessor may issue special bonds or stock. The Guaranteed Special stock is in all respects subject to the General or Prior stock and to "the rights of holders of said General or Prior stock to have distributed to them in quarterly installments an annual dividend fund of \$1,380,000, free of all taxes."

Guaranteed Special stock has been issued during the seven years to December 31, 1908, for betterments as follows:

SPECIAL STOCK ISSUED.

In 1902	\$1,418,200
In 1903	2,010,400
In 1904	4,959,200
In 1905	3,341,900
In 1906	3,029,700
In 1907	1,431,900
In 1908	2,681,300

On December 31, 1908, there was due by the lessor for betterments, a balance of \$16.

Of the \$41,487,700 Guaranteed Special stock outstanding December 31, 1908, the Pennsylvania Company owned \$37,556,600.

On January 1, 1909, the Sinking Funds held \$3,280,000 First Mortgage bonds, and \$3,620,000 Second Mortgage bonds; also \$2,724,269 cash. The bonds held in the Sinking Funds are not included in the amount outstanding as given on the statistical page in this book.

PONTIAC, OXFORD & NORTHERN R. R.

Dividends were formerly paid on the stock of this company.

A Receiver was appointed March, 1905, and was discharged in 1909. Interest on the bonds outstanding (\$400,000 6% bonds due 1916) has been regularly paid. In December, 1909, control was acquired by the Grand Trunk Ry., which company assumed the bonds of the Pontiac, Oxford & Northern R. R. This road is laid with 56-pound rail.

TOLEDO & OHIO CENTRAL RY.

The preferred stock is entitled to non-cumulative dividends of 5% per annum. After the common stock has received 5%, the preferred is entitled to 2% additional. After 7% has been paid on both issues, they share alike in any further distribution of profits. From the earnings of 1908-9 a dividend of 5% was paid on the preferred stock, also 1% each on the common stock in February and August.

In 1901 the Hocking Valley Ry. had acquired all except \$54,100 of the common and all except \$11,600 of the preferred stock in exchange for 70% of Hocking Valley Ry. stock of the same class.

The Court in July, 1909, ordered the separation of this property from the Hocking Valley Ry. and the two companies will hereafter be operated as entirely different lines and properties. The Toledo & Ohio Central R. R. will continue to operate the Zanesville & Western Ry. No announcement was made at the time as to the disposition of the various securities concerned.

The Toledo & Ohio Central Ry. guarantees principal and interest of Kanawha & Michigan Ry. First Mortgage bonds (\$2,469,000), and jointly with the Hocking Valley Ry., the Kanawha & Hocking Coal & Coke Co. bonds (\$3,250,000), and Continental Coal Co. bonds (\$3,023,000).

In 1908-9 about 38% of the total freight tonnage originated on the company's line. About 72% of the total freight tonnage consisted of bituminous coal.

In 1890 the Toledo & Ohio Central Ry. acquired a majority of the capital stock of the Kanawha & Michigan Ry., guaranteeing the bonds of that company. See under Hocking Valley Ry. for details of plans announced August 1, 1906, for consolidation of Hocking Valley Ry. and Kanawha & Michigan Ry.

The sum of \$289,176 was charged to operating expenses in 1905-6, representing extraordinary expenditures. From the surplus of 1905-6 the sum of \$312,810 was appropriated for Additions and Improvements. On June 30, 1906, the sum of \$1,415,162 was charged to Profit & Loss Account, representing "additions and improvements to road property and equipment to June 30, 1905, not provided by capital;" on June 30, 1906, the credit to Profit & Loss Account was \$40,701 against \$1,214,904 on June 30, 1905.

From the surplus of 1906-7, the sum of \$826,765 was appropriated, for Additions and Improvements, for New Equipment, and for retirement of obligations of the company, including the retirement of \$260,494 equipment obligations and a reduction of \$200,000 in the Special Equipment and Betterment Loan. The latter loan was on June 30, 1907, \$150,000, and was extinguished

in 1907-8. On June 30, 1907, the credit to Profit & Loss Account was \$344,631.

From the surplus of 1907-8 \$68,220 was deducted account of expenditures for betterment to property. On June 30, 1908, the credit to Profit & Loss was \$3,579,213, this account having been revised in accordance with the new system of accounts.

From the surplus of 1908-9 there was deducted for betterments, etc., \$101,444.

The credit to Profit & Loss Account on June 30, 1909, represents a surplus invested as follows:

Reinvested in road, equipment and securities.....	\$3,538,405
Invested in material and supplies (net).....	127,423

Total Profit and Loss surplus.....	\$3,665,828
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The Toledo & Ohio Central Ry. owns all of the stock (\$2,500,000) and bonds (\$2,492,392 in 1908) of the Zanesville & Western Ry. (92 miles, of which 12 miles not owned) operated separately. This road earned for the year ending June 30, 1909, gross \$539,259 and net \$43,306.

TOLEDO, PEORIA & WESTERN RY.

The Toledo, Peoria & Western Ry. is owned and managed by the Pennsylvania Co. and the Chicago, Burlington & Quincy R. R. On December 31, 1908, the Pennsylvania Co. owned \$1,925,650 of the stock, also \$1,044,000 First Mortgage 4% bonds.

The coupon scrip, \$220,275, was paid off in 1904-5.

As of June 30, 1909, there were outstanding Bills Payable, \$798,000, and Equipment Obligations, \$114,431. The Bills Payable included \$316,000 for new equipment, \$220,000 for coupon scrip redeemed, and \$34,000 for additional shops and machinery. The balance to the debit of Profit and Loss was, June 30, 1909, \$419,260.

In 1906-7, there was charged to operating expenses, \$172,875 for extraordinary expenditures, against \$137,840 so charged in 1905-6, and \$124,624 so charged in 1904-5. These extraordinary expenditures included in 1906-7, \$109,329 account of trust equipment, against \$91,539 in 1905-6, and \$78,401 in 1904-5.

No special charges were made to operating expenses in 1907-8 and in 1908-9 for additions and betterments. The sums of \$44,901 in 1907-8 and \$18,085 in 1908-9 were, however, charged to income representing extraordinary expenditures made on that account during the year.

TOLEDO, ST. LOUIS & WESTERN R. R.

The preferred stock is entitled to non-cumulative dividends of 4% per annum before any dividend can be paid on the common stock. After 4% has been paid on the preferred all further dividends for that year shall go to the common stock.

In April, 1907, an initial semi-annual dividend of 2% was declared on the preferred stock. Regular semi-annual payments of 2% each have been continued.

The Detroit & Toledo Shore Line 4% bonds (present issue \$2,288,000) are guaranteed principal and interest jointly with the Grand Trunk Western Ry. \$230,000 of these bonds were in the treasury of the Toledo, St. Louis & Western R. R. on June 30, 1909. The joint purchase in 1902-3 of the Detroit & Toledo Shore Line gave this road a direct entrance into Detroit, practically increased the mileage by 60 miles, gave an independent outlet to the east, and completed a close alliance with the Grand Trunk Ry. In 1908 the Detroit & Toledo Shore Line R. R. declared after the close of the fiscal year an initial dividend of 4%, the Toledo, St. Louis & Western R. R. receiving one-half or \$28,561. The amount of this dividend was not included in the operations for 1907-8 of the Toledo, St. Louis & Western R. R. In 1908-9 this company paid 6%, the Toledo, St. Louis & Western R. R. receiving \$42,840, and after the close of the fiscal year an additional 2% was paid, each of the owners receiving \$14,280.

After the close of the fiscal year 1905-6, \$1,000,000 4½% Equipment Trust Certificates, dated September 1, 1906, were sold. These certificates fall due, \$50,000 semi-annually, until the whole amount is retired. On June 30, 1909, \$750,000 were outstanding.

In August, 1907, the Toledo, St. Louis & Western R. R. purchased from the Chicago, Rock Island & Pacific Ry. the latter company's holdings (being a majority interest) of the stock of the Chicago & Alton R. R., viz.: \$6,380,000 preferred and \$14,420,000 common stock. \$100,000 additional preferred stock was purchased in 1908-9, making total owned \$6,480,000 preferred and \$14,420,000 common stock. In exchange for this stock the Toledo, St. Louis & Western R. R. issued two series of collateral bonds as follows, viz.: Series A (\$6,480,000 outstanding), which were exchanged dollar for dollar for Chicago & Alton R. R. preferred stock and Series B (\$5,047,000 outstanding) which were exchanged for Chicago & Alton R. R. common stock on a basis of \$35 in bonds for each \$100 in common stock. Series A bonds bear interest at the rate of 4% per annum while Series B bonds bear interest at the rate of 2% per annum until July 31, 1912, and 4% thereafter. These two series of collateral bonds are limited to a total issue of \$12,-

000,000, are secured respectively by the deposit of the preferred and common stock of the Chicago & Alton R. R., and mature August 1, 1917.

The Toledo, St. Louis & Western R. R. received in 1908-9 dividends on the Chicago & Alton R. R. stocks (4% on preferred and 4% on common) amounting to \$836,000. The interest charges on the collateral bonds amounted to \$360,140. See under Chicago & Alton R. R.

A comparison follows showing the amount of equipment in service June 30, 1909 and that in service June 30, 1901:

	1909.	1901.	Increase.
Locomotives	97	81	16
Passenger Train Cars.....	40	34	6
Freight Cars	3,367	3,141	226
Service Cars	108	58	50

In 1907-8, 33 miles of track were laid with 75-pound rail replacing lighter weight; 1½ miles of 75-pound rail was laid in 1908-9.

VANDALIA R. R.

The first dividend (2%) was paid in August, 1905; thereafter semi-annual dividends of 2% were paid to February, 1907, when the semi-annual dividend was 2½%, which rate has since been continued.

The Vandalia R. R. Co. was created late in 1904 by the consolidation of the following named companies: The Terre Haute & Indianapolis R. R. Co., St. Louis, Vandalia & Terre Haute R. R. Co., Terre Haute & Logansport Ry. Co., Logansport & Toledo Ry. Co., and Indianapolis & Vincennes R. R. Co.

The Vandalia R. R. assumed the lease of the Terre Haute & Peoria R. R. to the Terre Haute & Indianapolis R. R. and the 5% bonds of that road, \$2,207,000, are guaranteed, principal and interest. On the statistical page these bonds are not included in the statement of Bonds Outstanding. The Income Account given on the statistical page includes the operation of the Terre Haute & Peoria R. R., which operated in 1908, 174 miles, and earned gross, \$710,093, and net, \$57,354. The rental under the lease (30% of gross earnings) was for 1908, \$213,028, which sum was included in the Fixed Charges in the Income Account given on the statistical page. The net loss to the lessee from the operation of this line in 1907, was \$202,413. The lessee owns a majority of the stock of the Terre Haute & Peoria R. R.

On December 31, 1908, the Pennsylvania Co. owned \$11,633,-400 capital stock of the Vandalia R. R. and on the same date the Pittsburgh, Cincinnati, Chicago & St. Louis Ry. owned \$541,600 stock.

From the surplus for 1905, there was transferred to the Extraordinary Expenditure Fund the sum of \$325,000. From the surplus for 1906, \$400,000 was so transferred. From the surplus for 1907, \$80,542 was deducted for Extraordinary Expenditures. No similar deduction was made in 1908.

The expenditures charged to capital account from date of consolidation (January 1, 1905) to December 31, 1908, aggregate \$4,304,202.

On December 31, 1907, there were outstanding \$10,000,000 Consolidated Mortgage 4% bonds, Series "A," due 1955, and in 1908, there were sold \$3,000,000 Consolidated Mortgage 4% bonds, Series "B." The last named bonds are authorized to the amount of \$10,000,000 and mature in 1957. In 1908, \$1,608,000 7% bonds were retired. \$500,000 6% bonds matured January 1, 1910.

On December 31, 1908, Current Assets (including \$586,981 materials on hand) were \$3,330,983 and Current Liabilities (including the amount of the dividend paid in February, 1909), were \$1,278,880.

WABASH R. R.

The Debenture A income bonds are entitled to non-cumulative interest at the rate of 6% per annum, after the payment of which the Debenture B income bonds are entitled to 6%. The company reserves the right to retire at par in cash the Debenture A bonds. These Debenture bonds carry voting privileges the holder thereof being entitled to one vote for every \$100 of principal. See below regarding the acquisition by the company of a large majority of these bonds.

The preferred stock is entitled to non-cumulative dividends of 7% per annum.

The Debenture A bonds (\$3,500,000) received 6% per annum in semi-annual installments, January and July, during the period from January, 1900, to January, 1904. Payments were thereafter omitted until July, 1907, when 6% was paid on the Debenture A bonds and 1% was paid on the Debenture B bonds. In January, 1908, 3% and 1% respectively was paid on these Debenture bonds. The July, 1908, payments were omitted on both classes of Debentures. In 1909, payments were made 6% on Class A and 2% on Class B. In January, 1910 3% was paid on Class A and 2% on Class B.

On October 22, 1906, the stockholders and Debenture holders approved a financial plan which provided for the acquisition and ultimate retirement of the \$30,000,000 Debenture bonds. A new issue of 4% 50-year First Refunding and Extension Mortgage bonds (authorized issue \$200,000,000) was created

bearing date July 1, 1906, and secured on all the property owned at that date and subsequently acquired from the proceeds thereof. Of the new bonds \$21,862,500 were reserved for the carrying out of the plan given below for the retirement of the Debenture bonds, and the balance of the authorized issue was reserved to refund or retire existing bonds, promissory notes and equipment obligations and to provide funds for the purchase of equipment, for future improvements and for the development and extension of the company's property. On June 30, 1909, the Wabash R. R. owned and carried as treasury assets, \$177,423 of these bonds as against \$8,771,140 held on June 30, 1908; on June 30, 1909, there were outstanding \$31,476,243 bonds of this issue.

In 1909 \$2,604,818 was charged to Profit & Loss Account for discount on treasury securities sold. The debit balance to Profit & Loss on June 30, 1909, was \$3,045,119.

Under the terms of the plan for retirement of the Debenture bonds, the Wabash R. R. offered, in exchange for each bond, securities as follows:

	New Bonds.	Preferred Stock.	Common Stock.
For each \$1,000 Series A.....	\$795	\$580	\$580
For each \$1,000 Series B.....	720	520	520

In furtherance of this financial plan, the authorized preferred stock of the Wabash R. R. was increased from \$24,000,000 to \$40,500,000 and the authorized common stock from \$78,000,000 to \$159,500,000, an amount not exceeding \$16,500,000 of each class to be used to effect the exchange of the Debenture bonds.

The above described plan became operative, and to July 1, 1909, all of the Debenture A bonds and about 95% of the Debenture B bonds had been exchanged.

From the surplus earnings as shown on the statistical page the following sums were deducted, representing expenditures for additions and improvements and expenditures and appropriations for new equipment:

Year 1899-0.....	\$223,664
Year 1900-1.....	544,126
Year 1901-2.....	583,500
Year 1902-3.....	653,132
Year 1903-4.....	915,107
Year 1904-5.....	1,167,869
Year 1905-6.....	1,758,627
Year 1906-7.....	2,006,076
Year 1907-8.....	238,843
Year 1908-9.....	125,603

The deduction from the surplus of 1906-7, \$2,006,076, included \$1,700,000 appropriated for new equipment and \$174,773 repre-

senting payments for equipment. The 1907-8 and 1908-9 deductions were made for Additions and Betterments.

Elsewhere in this book, considerable emphasis has been given to the fact that the surplus earnings reported by the railroads, in many cases do not show the actual surplus earning capacity, owing to the fact that the Maintenance of Way and Maintenance of Equipment expenses are, to a large extent, subject to enlargement or curtailment solely in the discretion of the management. Reference to the expenses of the Wabash R. R. for the last five fiscal years amply confirms this assertion. In 1904-5, Gross Earnings increased \$1,672,973 and Maintenance Expenses increased \$1,428,045; in 1905-6, Gross Earnings increased \$318,778 and Maintenance Expenses decreased \$1,793,684; in 1906-7, Gross earnings increased \$2,417,195 and Maintenance Expenses decreased \$126,040; in 1907-8, Gross Earnings decreased \$1,662,399, while Maintenance Expenses increased; in 1908-9, Gross Earnings increased \$127,959 and Maintenance Expenses increased about \$50,000. The annual report for 1908-9 directs attention to the fact that \$193,530 was included in operating expenses in that year for additions and improvements and extraordinary repairs and renewals, against \$266,044 similarly included in operating expenses in 1907-8, \$1,227,691 in 1906-7, \$1,785,450 in 1905-6, \$2,169,277 in 1904-5, and \$2,097,437 in 1903-4.

On July 2, 1904, the line of the Wabash-Pittsburgh Terminal Ry. from near Jewett, Ohio, on the Wheeling & Lake Erie R. R., to Pittsburgh, 60 miles, was opened for business. The Wabash-Pittsburgh Terminal Ry. owns extensive terminals at Pittsburgh, and the \$14,000,000 stock of the Pittsburgh Terminal R. R. Coal Co.; also a majority of the stock of the Wheeling & Lake Erie R. R., as follows: \$847,500 first preferred, \$6,423,800 second preferred and \$11,870,000 common stock.

On May 29, 1908, Receivers were appointed for the Wabash-Pittsburgh Terminal Ry. and on June 8, 1908, Receivers were appointed for the Wheeling & Lake Erie R. R. (See Wheeling & Lake Erie R. R.)

In 1903-4 the Wabash R. R. acquired all the stock of the Wabash-Pittsburgh Terminal Ry. (\$10,000,000) by the issuance of \$10,000,000 Wabash R. R. common stock in exchange therefor; also \$6,600,000 First Mortgage bonds of that company.

The Wabash R. R. enters Chicago over the Chicago & Western Indiana R. R., of whose stock one-fifth, or \$1,000,000, is owned. This Company has paid regular dividends at the rate of 6% per annum since 1896. The Wabash R. R. enters Buffalo over the Grand Trunk Ry. under a joint trackage agreement made in March, 1898. Besides its quota of cost of operation and maintenance, the Wabash R. R. now pays as rental \$300,000 per

annum. The maximum rental will be \$350,000. The Buffalo Division has been practically rebuilt since the Wabash R. R. began to use it.

On June 30, 1909, the Missouri Pacific Ry. and the St. Louis, Iron Mountain & Southern Ry. owned \$11,326,200 preferred stock, \$2,826,200 common stock and \$2,913,200 First and Refunding bonds of the Wabash R. R. The Missouri Pacific Ry. sold \$1,060,000 of these bonds in 1908-9, reducing the total from \$3,963,200, the amount held in 1907-8.

There were outstanding on June 30, 1909, \$6,049,000 4½% Notes, due May, 1910, secured by about \$8,000,000 notes of the Wabash-Pittsburgh Terminal Ry. and other collateral. \$6,160,000 5% Notes became due May, 1909, and were retired through the sale of sufficient First and Refunding bonds. Those Notes were secured by \$6,600,000 First Mortgage 4% bonds and all of the stock (\$10,000,000) of the Wabash-Pittsburgh Terminal Ry.; also secured by \$4,800,000 Wabash R. R. First and Refunding bonds.

\$6,180,000 Equipment Trust bonds (4½% maturing \$618,000 annually) were sold in 1906, the sale of these bonds having been included in the financial operations of the year 1906-7.

WHEELING & LAKE ERIE R. R.

In June, 1908, a Receiver was appointed for this company.

The \$8,000,000, 5% Notes which matured on August 1, 1908, were not paid off and were purchased by a syndicate. In October, 1908, foreclosure was begun under the General Mortgage.

To February 1, 1910, no definite plan of reorganization had been officially announced, although it was stated that the following plan with possible slight modifications would be announced:

REORGANIZATION PLAN.

(See last below as to possible changes.)

The Plan of Reorganization of the Wheeling & Lake Erie R. R. and the Wabash-Pittsburgh Terminal Ry. provided for their consolidation as one company.

The new Company was to be operated as an independent line, the control by the Wabash R. R. being relinquished, and was to have an authorized issue of (1) \$60,000,000 4% bonds, which would be first mortgage on the Wabash-Pittsburgh Terminal Ry. properties and a junior lien on the Wheeling & Lake Erie R. R. properties, the existing Wheeling & Lake Erie R. R. bond issues remaining undisturbed; and an authorized issue of (2) \$40,000,000 preferred and (3) \$50,000,000 common stock, which would be held in a voting trust. Of the new bonds \$15,000,000 were to be underwritten at 80 by a syndicate headed by Kuhn, Loeb & Co. and Blair & Co. which was to

take in addition \$1,500,000 new preferred and \$3,750,000 new common stock, paying a total of \$13,300,000 cash for bonds and stock.

Holders of all three classes of Wheeling & Lake Erie R. R. stock were to be called upon to pay 25% in cash and receive in exchange 25% in new preferred stock. In addition Wheeling & Lake Erie R. R. first preferred stock was to receive 70% in new common; second preferred 65% in new common; and the common stock, 60% in new common.

Wabash-Pittsburgh Terminal Ry. First Mortgage bondholders, it was stated, would receive 70% in new preferred and 30% in new common stock, with the right in addition to subscribe at par to 16% in new preferred stock, which would carry with it a bonus of 40% in new common. Wabash-Pittsburgh Terminal Ry. Second Mortgage bondholders were to pay 25% cash and receive 25% in new preferred and 60% in new common stock.

The Wabash R. R. Co., which has a claim for \$7,500,000 against the Wabash-Pittsburgh Terminal Ry. was to receive \$5,000,000 cash in settlement of the claim. The \$8,000,000 Notes of the Wheeling & Lake Erie R. R., which matured Aug. 1, 1908, and which were taken up by a syndicate formed by Kuhn, Loeb & Co., were to be paid off at par and interest.

A serious legal obstacle is said to have been found to exist which may prevent the consummation of the Plan as above outlined.

HISTORY.

The Wheeling & Lake Erie R. R. old first preferred stock and second preferred stock were entitled to non-cumulative dividends of 4% per annum in order of priority as mentioned. No dividends have ever been paid.

In April, 1901, a syndicate identified with the Wabash R. R. acquired control of this road through purchase of stock. This stock consisting of \$847,500 first preferred, \$6,423,800 second preferred and \$11,870,000 common is now owned by the Wabash-Pittsburgh Terminal Co., whose entire capital stock (\$10,000,000) was acquired in 1903-4 by the Wabash R. R. in exchange for \$10,000,000 Wabash R. R. common stock.

On May 20, 1908, Receivers were appointed for the Wabash-Pittsburgh Terminal Ry., there being \$6,873,500 promissory notes and purchase money mortgages outstanding, \$418,586 past due interest and \$278,600 audited accounts. On October 30, 1908, authority was given to issue \$954,211 First Lien Receiver's Certificates. This company reported a large deficit in 1907-8 and in 1908-9. In the latter year the gross earnings were \$719,543; the net earnings were \$211,804. The fixed charges in 1907-8 were \$1,567,646 and in 1908-9 presumably were no less. No interest has been paid since December, 1907, on \$30,236,000 First Mortgage 4% bonds.

A statement in the annual report of 1906-7 shows that the total producing capacity (based on tonnage rating) of all the

mines, in operation *June 30, 1907*, in the district served by the Wheeling & Lake Erie R. R. exceeded 24,000 tons per day. The actual producing capacity of all mines, as estimated by the mine owners was 35,400 tons per day. In addition mines operated on the lines of the Wabash-Pittsburgh Terminal Ry. have a capacity of, and are under contract to ship over that road and the Wheeling & Lake Erie R. R. a minimum of 4,000,000 tons annually. Bituminous coal contributed about 47% of the total tonnage carried by the Wheeling & Lake Erie R. R. in 1908-9.

The president in his report for 1903-4 called attention to the necessity of devising some broad comprehensive financial plan to provide for new equipment and for other expenditures necessary to handle profitably the increased business and to provide for the financing of branches and for future requirements. He said: "If the proper facilities, double track, equipment and terminals, are provided by the company * * * the gross earnings of the company will be doubled in the next three years."

In the report of the general manager for 1904-5, attention was again directed to the necessity for additional facilities to provide for the increased business of the road. The statement by the general manager is as follows: "As will be noted, the average earnings per mile of road for the fiscal year ending June 30, 1905, were \$10,393. For the six months ending December 31, 1905, the average earnings per mile of road were \$13,118, and we could easily have increased the earnings at least 50% if we had the track facilities and the equipment necessary to handle the business. The future of this property is dependent wholly upon the development of its facilities, as the business that can be developed along its lines should enable it to multiply its earnings per mile of road fully three or four times."

In the report for 1906-7, the general manager said: "The density of traffic on the main line between Pittsburgh Junction and Huron Junction during the busy months of the past year has been at the rate of over seven million ton miles per mile of road per annum, and we are now up to about the capacity of a single track railroad for economical movement. When this portion of the line can be double-tracked and the low grade 'cut-off' between Orrville and Bolivar (Sugar Creek & Northern R. R., see below) completed, reducing the maximum gradient from 1% to 0.4%, cutting out helper service over the Massillon Hill, the earning capacity of the road will be materially increased and substantial operating economies can be effected."

In 1905 the stockholders authorized a General Mortgage to secure \$35,000,000, 50-year 4% bonds, of which \$15,000,000 were reserved to retire underlying bonds and \$20,000,000 for future purposes. In August, 1905, \$8,000,000 5% Notes due August 1, 1908, were sold, secured by \$12,000,000 General Mortgage 4%

bonds. The proceeds of these Notes were to be used for double-tracking and for other improvements and for equipment. The Notes were guaranteed principal and interest by the Wabash R. R., and were purchased at maturity by a syndicate as stated above.

The balance sheet of the Wheeling & Lake Erie R. R. (including that of the Receiver) June 30, 1909, showed Bills Payable, \$1,191,000, against \$2,301,575 on June 30, 1905. Advances to Sundry Railroads were on June 30, 1909, \$1,674,550. The Cost of Property was on June 30, 1909, considerably over \$15,000,000 greater than on May 1, 1899, that sum representing expenditures for construction, additions to equipment and other property, and improvements and betterments, provided for out of new capital for rehabilitating the properties purchased at the time of the reorganization in 1899. This Cost of Property did not include Cost of New Equipment in Suspense, \$2,579,500, which was offset by Equipment Trust Obligations to a like amount. On June 30, 1906, Cash on Hand was \$2,544,365, representing, for the most part, unexpended proceeds derived from the sale of the three-year Notes; on June 30, 1907, Cash on Hand was \$658,829; in 1909 Cash on Hand, largely derived from sale of Receiver's Certificates, was \$1,692,106.

On June 30, 1909, there were outstanding \$3,303,000 underlying 5% divisional bonds, against, at time of reorganization, in 1899, \$6,400,000. The balance had been refunded into First Consolidated 4% bonds.

In 1907, the Wheeling & Lake Erie R. R. acquired the Lorain & West Virginia R. R. (35 miles operated), which was completed in July, 1907, and the Sugar Creek & Northern R. R., which had under construction 22 miles of road (completed in 1908-9) from Bolivar northwest to Orrville. The cost of this important cut-off was \$1,635,109, of which amount the Receiver expended \$461,570.

The Wheeling & Lake Erie R. R. guaranteed, principal and interest, the Lorain & West Virginia R. R. 4% bonds due 1956 (authorized \$2,000,000), but in October, 1908, relinquished control of this line and cancelled its guarantee.

Large sums have for several years been included in operating expenses for extraordinary expenditures.

In November, 1908, about \$1,800,000 Receiver's Certificates were sold, bearing interest at 6% per annum and redeemable after one year at any time. To June 30, 1909, \$4,002,350 6% Certificates had been issued by the Receiver and \$3,249,350 were outstanding; cash against the sale of the remaining certificates was received in August, 1909. To June 30, 1909, \$2,302,649 had been expended from the proceeds of the sale of these

Certificates, leaving an unexpended balance of \$1,699,701. The stated \$2,302,649 was expended as follows:

Additions and Betterments.....	\$315,402
Rehabilitation of Property.....	761,562
Interest on Consolidated Mortgage bonds....	467,880
Other Interest and Bankers' Commissions..	79,635
Taxes	216,600
Expended on Sugar Creek & Northern R. R.	461,570

Total	\$2,302,649
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WISCONSIN CENTRAL RY.

The preferred stock is entitled to non-cumulative dividends of 4% per annum, and after 4% dividends shall have been paid in any year on both classes of stock, both shall participate equally in any further dividends for such year. In December, 1908, an initial quarterly dividend of 1% was declared on this stock; dividends were paid quarterly beginning January in 1909. In January, 1910, the dividend was passed.

In January, 1909, through the purchase of preferred stock and about 51% of common stock, control of the Wisconsin Central Ry. was secured by the Minneapolis, St. Paul & Sault Ste. Marie Ry. (Canadian Pacific Ry.), affording that company a Chicago connection. Cut-offs, it was said, would be built from Burlington, Wis., to Portage, Wis., and from Hancock, Wis., to Grand Rapids, Wis.

Following the announcement of the acquisition of control, a director of the Wisconsin Central Ry. said:

"The preferred stock will have no voting power so long as the dividends on the preferred stock are paid, thus giving the common stock entire control. Committees will be named by the directors of the two companies to draw up the contract between the roads, subject to the ratification of the stockholders. On the part of the Wisconsin Central Ry. it is expected that this committee will consist of the largest stockholders not identified with the management as directors or officers, so that it may not be claimed that the agreement is partial.

"The Canadian Pacific Ry. and the 'Soo' line should be able to throw about \$1,000,000 additional business over the Wisconsin Central Ry., adding about \$350,000 of net revenue per annum; the closing of outside agencies which last year cost the Wisconsin Central Ry. \$169,000 will cause a saving of over \$100,000 a year; and the consolidation of terminals at St. Paul, Minneapolis and Duluth, should save over \$200,000 per annum, or a total of savings and added revenue of over \$650,000 per annum."

The Board of Directors of the Wisconsin Central Ry. appointed a Committee to negotiate the terms under which the control of the operation and management of that company might be acquired by the Minneapolis, St. Paul & Sault Ste. Marie Ry. This Committee advertised for the deposit of preferred stock and announced the terms of exchange as follows:

"The proposition made by the Minneapolis, St. Paul & Sault Ste. Marie Ry. Co. provides, among other things, for the issue of its Leased Line Stock Certificates in exchange for the preferred stock of the Wisconsin Central Ry. Co., which stock shall be held in trust by the Bank of Montreal. By the terms of such Leased Line Stock Certificates the Minneapolis, St. Paul & Sault Ste. Marie Ry. Co. will expressly obligate itself to pay to the holders of such certificates 4% per annum, payable semi-annually for the term of 99 years, upon conditions which the Committee consider adequate for the proper protection of the interest of the holders."

The lease became operative April 1, 1909. Subsequent reports for the Wisconsin Central Ry. will be incorporated with the reports of the Lessee.

The following sums have been appropriated from surplus earnings for improvements and new equipments and for sinking funds:

	Improvements and Equipment.	Sinking Funds.
Year 1899-0.....	\$450,747	—
Year 1900-1.....	11,350	—
Year 1901-2.....	124,990	—
Year 1902-3.....	563,098	\$75,404
Year 1903-4.....	643,574	65,250
Year 1904-5.....	423,997	65,250
Year 1905-6.....	373,421	65,250
Year 1906-7.....	*—	65,250
Year 1907-8.....	—	60,725

*In 1906-7, there were charges made to improvement account to the amount of \$396,861, held subject to reimbursement from proceeds of bonds.

During the year 1904-5 contracts were entered into for the construction of a line of road from Owen to Ladysmith, a station on the Minneapolis, St. Paul & Sault Ste. Marie Ry. This line was constructed by the Owen & Northern Ry. Co. and was opened in August, 1906. The Lake Superior & Southeastern R. R. Co. constructed a line of road from Ladysmith to Duluth. This line was opened for traffic early in January, 1909.

In 1905-6, just prior to the close of the year, the Wisconsin

Central Ry. acquired by deed all of the property and rights of the above mentioned companies and a new mortgage, the Superior & Duluth Division & Terminal Trust Mortgage was created, securing an issue of \$8,500,000 4% bonds due 1936. Of the new bonds \$7,000,000 were underwritten and offered to stockholders at 89 and interest. It was expected that the proceeds derived from the sale of these bonds, together with \$1,000,000 pledged by the company from its surplus funds, would provide for the cost of the line of railroad from Owen to Duluth, 160½ miles, including the terminals. The terminals in Superior and Duluth, it was estimated, would cost about \$3,000,000. The annual report for 1907-8 stated that all of the company's property at both terminals had been fully paid for.

During 1908-9 obligations were retired to the amount of \$136,690; there were issued during the year \$1,921,000 obligations, including \$500,000 Superior & Duluth Division & Terminal Mortgage bonds. \$7,500,000 of these bonds were outstanding on June 30, 1909, and it was stated that no additional bonds would be issued under this mortgage.

The gross cash receipts of the Land Department for 1908-9 were \$213,408. The number of acres unsold on June 30, 1909, was 418,085, and there was a credit to the Profit & Loss account of the Land Department, amounting to \$1,140,394.

By operation of the Sinking Fund and by other transactions there had been effected to February, 1909, the retirement and cancellation of \$892,000 of First General Mortgage Bonds.

The credit to Equipment Renewal and Reserve Funds, June 30, 1909, was \$554,358.

The stockholders in April, 1909, authorized a First and Refunding Mortgage securing \$60,000,000 4% due April 1, 1959. Of these bonds, \$36,000,000 are reserved to refund existing bonds and equipment obligations.

Early in 1909 it was semi-officially stated that \$10,000,000 to \$15,000,000 bonds of this new issue would soon be sold for improvements, etc., including the shortening of the main line between Chicago and Minneapolis and St. Paul by 40 miles, through a cut-off, involving an expenditure of \$6,000,000. It was expected that a line would be built into Milwaukee, to replace trackage now used, and a terminal erected, the total cost to be between \$3,000,000 to \$4,000,000.

Late in 1909, there were sold \$2,500,000 of the new First and Refunding 4% bonds.

As of June 30, 1909, main track included:

525 miles of 85-pound steel,	14 miles of 66-pound steel,
141 miles of 80-pound steel,	66 miles of 60-pound steel,
30 miles of 72-pound steel,	74 miles of 56-pound steel,
100 miles of 70-pound steel,	20 miles of 52-pound steel.

ATLANTA & WEST POINT R. R.

The stock receives 6% per annum, payable January and July. The company has the option of redeeming the 6% Debenture Certificates at its will. A meeting of stockholders was held on January 20, 1910, for the purpose of considering and authorizing an increase in the stock to \$2,500,000. Stockholders were given the privilege of subscribing to new stock at par to the extent of 100% of their respective holdings, the proceeds from the sale of stock to be used to retire the debenture certificates.

Over one-half of the capital stock stands in the name of the Georgia R. R. Bank, the Georgia R. R. and Banking Co., the Central Trust Co., of New York, Trustees (of the Collateral Trust Bonds of the Central of Georgia Ry. Co.), and the Central of Georgia Ry. Co. The holdings of the latter two companies on June 30, 1909, amounted to 1,885 shares. The Georgia R. R. and Banking Co. held 5,472 shares on March 31, 1909; also \$388,900 Debenture Certificates.

For many years large amounts were appropriated from surplus as reserve for improvements, as follows:

Year 1899-0.....	\$75,000
Year 1900-1.....	56,083
Year 1901-2.....	90,964
Year 1902-3.....	140,000
Year 1903-4.....	152,000
Year 1904-5.....	170,000
Year 1905-6.....	185,000
Year 1906-7.....	200,000

In 1907-8 there was included in operating expenses for depreciation of road and equipment \$94,808, against the following sums, included in expenses in previous years for betterments, etc.: \$93,735 in 1906-7, \$114,068 in 1905-6, \$130,776 in 1904-5 and \$76,236 in 1903-4. (No special appropriations or deductions were shown in the report as having been made in 1908-9.)

On June 30, 1909, the company carried, after all charges had been made, \$215,298 to credit of Profit and Loss and a reserve of \$421,334, mostly for contemplated improvements. Current Assets, not including \$141,333 materials and supplies, were, on June 30, 1909, \$174,730, of which \$103,640 was cash, and Current Liabilities were \$196,422.

The Atlanta & West Point R. R., purchased in 1907-8 without the issuance of securities of any kind, the Atlanta Belt Line (5½ miles) for the sum of \$400,000. This purchase reduces the annual fixed charges by \$16,000, such being the annual rental previously paid for the use of this property.

On June 30, 1909, the entire track contained 80-pound rail.

ATLANTA, BIRMINGHAM & ATLANTIC R. R.

The preferred stock of this company is entitled to dividends, non-cumulative, at the rate of 5% per annum.

See below, regarding appointment of Receivers in January, 1909.

The Atlanta, Birmingham & Atlantic R. R. Co. was organized on April 21, 1905, to build extensions of the Atlantic & Birmingham Ry. Co. from Montezuma, Ga., to Birmingham, Ala., with branches to Bessemer, Ala. and to Mulga, Ala., where are located the prominent coal and iron mines and properties controlled by the A. B. & A. R. R.; also a line to Atlanta, Ga. This was begun on May 1, 1905, and was completed in September, 1908, with the exception of the Bessemer and Mulga branches and of the line affording a direct entrance into Birmingham, Ala. This company has made arrangements to operate its trains into Birmingham over the tracks of the Louisville & Nashville R. R. The trackage thus used amounts to 19 miles (Pelham, Ala. to Birmingham.)

On April 12, 1906, the Atlanta, Birmingham & Atlantic R. R. Co. purchased the Atlantic & Birmingham Ry. Co. Their consolidation became effective April 12, 1906, and the two roads are now operated as one organization in the name of the Atlanta, Birmingham & Atlantic R. R. Co.

To carry on the construction of the new lines described above, the Atlantic & Birmingham Construction Co. was organized. This company sold \$8,000,000 Collateral Trust 5% Gold Notes, due May 1, 1910. These notes are a joint obligation of the Atlantic & Birmingham Construction Co. and the Atlanta, Birmingham & Atlantic R. R. Co., and are secured by the majority of the total stock, preferred and common, of the Railroad, and by the deposit of \$6,000,000 bonds of the Railroad and other securities.

In accordance with a contract dated November 1, 1907, between the Atlantic & Birmingham Construction Co. and the Atlanta, Birmingham & Atlantic R. R. Co., as part of the expenses chargeable to it, on account of the unfinished condition of the work and the interference by its work with the operation, the former paid each month from November 1, 1907, to June 30, 1908, to the R. R. Co., the portion of the operating expenses that equalled the excess of the total operating expenses above 70% of the total operating revenue.

The Birmingham Coal & Iron Co., the stock of which (\$5,000,000), is all owned by the A. B. & A. R. R., owns over 37,000 acres of coal lands, also ore lands in the neighborhood of Bessemer, Ala. and Mulga, Ala. This company has outstanding \$4,159,000 5% bonds. Interest was defaulted on \$2,159,000 of these bonds in January, 1909.

The Brunswick Steamship Company, owned by this railroad, began operation on November 14, 1906. This company has five steamers, each of 3,000 tons, in regular operation between New York and Brunswick. This company has outstanding \$1,100,000 stock and \$1,000,000 bonds all of which are deposited under the 5% Collateral Trust Gold Notes described above.

The mileage of the Atlanta, Birmingham & Atlantic R. R. amounted, as of June 30, 1909, to about 640 miles against 324 miles in operation June 30, 1906. The system as completed has its eastern terminus at Brunswick, Ga., where a belt railroad, extensive docks, water fronts, warehouses, and other terminal properties are owned. Connection is there afforded with the Brunswick Steamship Co. (owned by this company; see above), and other coastwise lines. At Sessoms (81 miles from Brunswick) the main line connects with a branch to Waycross, Ga. (26 miles), which branch affords a connection with the Atlantic Coast Line R. R. and a short route for traffic to and from the west, and from Jacksonville and Eastern Florida. At Fitzgerald, Ga., there is a branch to Thomasville, Ga. (80 miles), where, if plans can be carried out, a connection will be formed with the Tampa Northern R. R. from Tampa, Fla. to Thomasville, 235 miles (of which about 63 miles were completed December, 1909), controlled by friendly interests. The Atlanta Division (78 miles) connects with the main line at Manchester, Ga. Trains are operated into Atlanta over the tracks of the Georgia Terminal Co. The capital stock (\$1,500,000) of this company is all owned by the Atlanta, Birmingham & Atlantic R. R.. This terminal company has outstanding \$3,000,000 of an authorized issue of \$4,000,000 5% bonds due 1927. Interest payments were defaulted January, 1909, and Receivers appointed (see below). The terminals at Birmingham were being constructed by the Alabama Terminal Co., with capital of \$3,000,000 (all owned by the A. B. & A. R. R.) and \$4,000,000 5% bonds due 1927, of which \$2,445,000 were outstanding October, 1909. These bonds have been in default since January, 1909, and the property is in the hands of Receivers. The bonds of both of the above companies were guaranteed principal and interest by the Atlanta, Birmingham & Atlantic R. R., and both properties were leased for 99 years from July 31, 1907.

The January, 1909, interest on the Atlanta, Birmingham & Atlantic R. R. First Mortgage 5% bonds was not paid and the road passed into the hands of Receivers. Interest on certain issues of equipment obligations as well as on the Georgia Terminal Co. bonds (as stated), and on the Alabama Terminal Co. bonds (as stated), was also defaulted. Receivers have also been appointed for the Brunswick Steamship Co., the Birmingham Coal & Iron Co., and the Fitzgerald, Ocilla & Broxton R. R. (40 miles), which companies are controlled by the At-

lanta, Birmingham & Atlantic R. R. The Fitzgerald, Ocilla & Broxton R. R. had in contemplation the construction of a line from Savannah, Ga., to Albany, Ga.

On July 1, 1909, 6% Receivers' Certificates to the extent of \$3,250,000 due July 1, 1911, were issued to provide for the cost of completion of the terminal and tracks into Birmingham, also to build the branches to Bessemer, Ala. and Mulga, Ala. It was stated at the time that the trackage rental paid to the Louisville & Nashville R. R., alone consumed about \$85,000 per annum. Contracts have been let for the continuation of this work, and all of the new road was expected to be in operation by April, 1910.

The coupons due May 1, 1909, and November, 1909, on the \$8,000,000 joint collateral trust notes of Atlanta, Birmingham & Atlantic R. R. and the Atlantic & Birmingham Construction Co., were purchased by the Trust Co. of America, N. Y., for private interests who wished to protect the collateral.

Committees have been formed for the protection of the holders of various defaulted bonds and obligations. A plan of reorganization was in preparation in December, 1909.

The Atlantic & Birmingham Construction Co. has been reorganized under the title of the Atlanta, Birmingham & Coast Co.

EARNINGS 1908-9.

For the fiscal year ending June 30, 1909, the following statement of earnings and expenses has been published. (Total mileage operated, 642.)

Gross Earnings	\$2,069,809
Operating Expenses	1,712,783
Net Earnings	357,026
Taxes	87,000
Operating Income	270,026

OPERATING EXPENSES.

Maintenance of Way	\$277,279
Maintenance of Equipment.....	366,882
Traffic Expenses	125,628
Transportation Expenses	852,782
General Expenses	90,212

ATLANTIC COAST LINE R. R.

The Atlantic Coast Line Co. (of Connecticut) owns a majority of the capital stock of this road (\$1,009,300 preferred, \$115,100 Class "A" stock, and \$24,041,900 common stock as of June 30, 1909); also \$14,310,182 of Atlantic Coast Line R. R.'s bonds and certificates of indebtedness. The preferred stock is entitled to non-cumulative dividends of 5% per annum in priority to the common stock. The preferred stock is receiving 5% per annum in May and November. In 1904-5 the common stock received 5%. Late in 1905 the dividend

on the common was raised to 6% per annum. Dividends are paid in January and July. The January, 1908, dividend on the common stock was paid in Atlanta Coast Line R. R. 4% certificates of indebtedness. The July, 1908, and the January, 1909, dividends were paid in cash at the rate of 5% per annum. In July, 1909, the rate was again raised to 6%.

In January, 1905, an extra dividend of 25% was paid on the common stock, of which 20% was in common stock scrip of the Railroad Company and 5% in the 4% certificates of indebtedness of the Atlantic Coast Line Co., of Connecticut. This distribution called for \$7,330,000 new stock (making total outstanding \$43,980,000) and for \$1,832,500 certificates of indebtedness, part of \$2,869,000 in the treasury on June 30, 1904. On November 15, 1904, the stockholders authorized an increase of the common stock to \$50,000,000 and on March 8, 1906, a further increase to \$60,000,000 was authorized. In March, 1906, stockholders subscribed at par to \$4,557,600 new stock, thus raising the outstanding issue to \$47,537,600. The proceeds derived from the sale of this stock were used in payment for new equipment. In 1905-6, \$2,211,589 was expended for additional equipment and contracts were made in 1906 for additional equipment to be delivered during the year 1906-7, aggregating in value over \$6,000,000.

In 1902 the preferred stockholders were given the option of exchanging their shares at the rate of \$100 in preferred stock for \$125 in 4% certificates of indebtedness. To June 30, 1909, \$17,253,400 preferred had been so exchanged for \$21,566,600 certificates of indebtedness, leaving \$1,506,600 preferred stock outstanding. In 1902-3 practically all of the \$3,000,000 old 4% certificates of indebtedness and \$2,500,000 Wilmington & Weldon 7% certificates of indebtedness were retired. Only \$1,500 remained outstanding June 30, 1909.

The Savannah, Florida & Western Ry., which owned and controlled 2,234 miles, was merged with the Atlantic Coast Line R. R., possession being taken July 1, 1902; at the same time possession was taken of the St. Johns & Lake Eustis R. R., of the Sanford & Lake Eustis R. R., and of the Florida Midland R. R. Also the properties of the Florida Southern R. R. and the Sanford & St. Petersburg R. R. were conveyed to the Atlantic Coast Line R. R. To pay indebtedness to Atlantic Coast Line Co.; to carry out the purchase of these lines and to retire \$12,451,000 4% bonds of the Savannah, Florida & Western Ry., as well as the \$5,500,000 certificates of indebtedness mentioned above and \$380,000 additional 6% certificates of the Wilmington & Weldon R. R. Co., \$32,344,000 First Consolidated Mortgage 50-year 4% bonds were issued to December 1, 1903. The bonds bear date July 1, 1902. In January, 1905, the privilege was given to the holders of \$12,568,000

underlying bonds to exchange their bonds for First Consolidated bonds. \$4,860,000 bonds were exchanged to June 30, 1905; in 1905-6, \$6,000 were exchanged and in 1906-7, \$600 were exchanged. No bonds were exchanged in 1907-8 and in 1908-9. On June 30, 1909, there were outstanding in the hands of the public, \$47,888,000 First Consolidated 4% bonds.

In October, 1902, negotiations were completed whereby the Atlantic Coast Line R. R. acquired \$30,000,000 of the \$60,000,000 capital stock of the Louisville & Nashville R. R. The Atlantic Coast Line R. R. agreed to give in payment: \$10,000,000 in cash; \$35,000,000 in 4% 50-year Collateral Trust bonds of the Atlantic Coast Line R. R. Co. of Virginia, secured by deposit of the Louisville & Nashville R. R. stock, and \$5,000,000 stock of the Atlantic Coast Line R. R. of Virginia. See notes under Louisville & Nashville R. R.

On November 17, 1902, the shareholders voted to increase the bonded debt by the issue of these \$35,000,000 bonds and to increase the common stock from \$23,150,000 to \$36,650,000. Shareholders of record December 10, 1902, were allowed to subscribe at \$125 per share for new common stock to any amount not exceeding 40% of their respective holdings. \$8,500,000 stock was thus sold. See above for increase of stock authorized in connection with stock dividend in January, 1905, and subscription to new stock in 1906.

The stockholders on November 16, 1909, approved of a proposition (1) to authorize an issue of \$200,000,000 4% Unified Mortgage bonds; (2) \$23,562,500 4% Convertible Debenture bonds in order to provide an alternative method of retiring certificates of indebtedness, and (3) to increase the common stock to a sufficient amount to retire the debenture bonds. The proceeds of the mortgage bonds are to be used for refunding purposes, for double tracking and for new construction; sufficient bonds were reserved, however, to retire an equal amount of 4% certificates of indebtedness on or before March 1, 1910, under the company's offer of exchange.

The Convertible Debenture bonds were offered by the company dollar for dollar, in exchange for the certificates of indebtedness; this offer was an alternative proposition for the one mentioned above to exchange for Unified bonds. The convertible bonds mature 1939 and are convertible into common stock at 135 before January 15, 1920.

In 1902-3, Profit and Loss was credited the amount of net surplus for the year, \$1,278,953, and premium on bonds and stock sold, \$2,225,684, together with sundry miscellaneous items; and debited, besides miscellaneous items, \$5,000,000, representing surplus profits applied to cost of Louisville & Nashville R. R. stock. See above.

In 1903-4 the Atlantic Coast Line R. R. received 5% on Louis-

ville & Nashville R. R. stock. In December, 1904, the annual dividend on the Louisville & Nashville R. R. stock, was raised to 6% which rate was maintained until July, 1908, when it was reduced to 5%. The 6% rate was restored in August, 1909, and in February, 1910, a semi-annual dividend at the rate of 7% was paid.

The Atlantic Coast Line R. R. jointly with the Louisville & Nashville R. R., leases the Georgia R. R., which operates and controls over 400 miles in addition to the Atlanta & West Point R. R. and Western Ry. of Alabama. In the three fiscal years ending June 30, 1906, Profit and Loss was credited a total of \$431,035, being the Atlantic Coast Line's proportion of surplus from the operations of the Georgia R.R. from July 1, 1899, to June 30, 1906. In 1906-7 there was debited to Profit & Loss, \$81,428, account of deficit from operation of the Georgia R.R. for the year 1906-7; in 1907-8 the deficit charged to Profit & Loss amounted to \$125,489. In 1908-9 Profit & Loss was credited with \$56,912 profit from operation of the Georgia R. R.

During the last few years new industries, such as factories, mills, etc., were located on the lines of the Atlantic Coast Line R. R. to a total number as follows: in 1905-6, 334; in 1906-7, 177; in 1907-8, 154, and in 1908-9, 140.

The greater part of the increase in operated mileage in 1904-5 was due to the acquisition by the Atlantic Coast Line R. R. of the Jacksonville & Southwestern R. R., 89 miles. An extension of this line to Perry, Florida, about 75 miles, was completed in 1908-9, making the total mileage 163 miles.

In 1906-7, \$4,500,000 Equipment Trust 4% bonds were sold for \$4,147,650, and \$5,000,000 3-year 5% Notes (due March 1, 1910) were sold for 95½, realizing \$4,775,000. The Equipment Trust bonds are payable at the rate of \$450,000 per annum, the last semi-annual payment to be made on March 1, 1917. \$2,970,000 of the 5% Notes were outstanding June 30, 1909.

During the three fiscal years 1906-7 to 1908-9 inclusive, 669 miles of track (including 32 miles second track) were laid with 85-pound rails.

CAROLINA & NORTHWESTERN RY.

The preferred stock of this company is entitled to non-cumulative dividends of 4% per annum in priority to the common stock. No dividends are being paid.

The bonded debt of this company consists of an authorized issue of \$2,500,000 5% bonds, dated 1903 and due 1953, of which \$1,500,000 were used to retire all outstanding bonds and the remainder were issuable for extensions, new equipment, etc. \$1,550,700 of these bonds were outstanding June 30, 1909.

There was a credit balance to Profit & Loss on June 30, 1909, of \$120,323.

This company controls the Caldwell & Northern R. R., which forms an extension of the Carolina & Northwestern Ry. from its western terminus at Lenoir, N. C., to near Edgemont, N. C. 23.5 miles. This latter company had outstanding June 30, 1908, \$89,200 stock and \$537,000 bonds (\$705,000 authorized) of which \$162,000 were in the treasury on that date. This company earned gross in 1908-9, \$36,309. Operating Expenses were \$42,129, the operating deficit being \$5,820. Fixed Charges were about \$35,000. Gross Earnings have increased largely over the 1908-9 figures.

The Carolina & Northwestern Ry. is said to be controlled by the Southern Ry.

CENTRAL OF GEORGIA RY.

The income bonds are entitled to non-cumulative interest of 5% per annum, the first incomes in priority to the second incomes, and the seconds in priority to the third incomes.

Interest has been paid on the income bonds as follows:

	First Incomes.	Second Incomes.	Third Incomes.
October 1, 1901,	5%	—	—
October 1, 1902,	3%	—	—
October 1, 1903,	5%	—	—
October 1, 1904,	5%	2%	—
October 1, 1905,	5%	5%	5%
October 1, 1906,	5%	5%	5%
October 1, 1907,	5%	3.729%	—

No interest was paid on the income bonds in 1908 and in 1909.

The Superior Court on Aug. 26, 1909, sustained the findings of Colonel William Garrard, filed on May 31, 1909, holding the company liable for the full 5% interest on the second and third income bonds out of the earnings of the fiscal year ending June 30, 1907. It is expected that an appeal will be taken to the Supreme Court.

The trustees of the first, second and third income bonds on Nov. 15, 1909, filed suits in the Superior Court at Savannah, Ga., to recover the 5% interest claimed to have been earned in the fiscal year ending June 30, 1908. No decision had been rendered to December 31, 1909.

On June 30, 1909, there was a credit of \$487,495 to surplus account.

In June, 1907, the capital stock of the Central of Georgia Ry., which had been held by the Richmond Terminal Reorganization Committee since 1896, was sold to Oakleigh Thorne and Marsden J. Perry, who resold the stock to E. H. Harriman. This stock was later acquired by the Illinois Central R. R. and was for-

mally transferred to that company in June, 1909. The cost of that stock as shown in the report of the Illinois Central R. R. was \$3,474,279.

The Central of Georgia Ry. owns a majority of the stocks of the Wrightsville & Tennille R. R., including as of June 30, 1909, \$70,000 (the entire issue) of preferred and \$278,600 of common. Also this road owns all the stock of the New England & Savannah Steamship Co., the Ocean Steamship Co., of Savannah, and the Savannah & Ogeechee Canal Co.; also \$1,500,000 or one-half of the stock of the Western Ry. of Alabama, \$188,500 of the stock of the Atlanta & West Point R. R., and \$1,589,000 income bonds of the Charleston & Western Carolina Ry. Co.

A dividend of 15% was paid on the \$2,000,000 stock of the Ocean Steamship Co. in 1908-9. This increased "Other Income" of the Central of Georgia Ry. \$300,000, as no dividends were paid in 1907-8.

Main track (owned and leased) June 30, 1909 consisted of:

686 miles of 80-pound steel,	29 miles of 65-pound steel,
16 miles of 75-pound steel,	321 miles of 63½-pound steel,
174 miles of 70-pound steel,	90 miles of 61½-pound steel,
99 miles of 68½-pound steel,	498 miles of other weights.

During the year 1907-8, there were established on, or adjacent to, the lines of this company 130 new industries, representing 22 different classes, with a capital of \$4,856,900 and employing 4,622 hands. About 2,250,000 fruit trees were planted near the line of this company in 1904-5; 1,641,681 were planted in 1905-6, and 782,865 were planted in 1906-7. In the latter year there was a decrease of 844,123 trees in bearing. 309,305 fruit trees were planted on the line during 1907-8, and there was an increase of trees in bearing of 418,723. No statistics of this nature were given in the report for 1908-9.

During 1908-9 \$300,000 Consolidated Mortgage 5% bonds were sold. The sale of these bonds exhausted the capital reserves of the company. The president stated in the report for 1907-8 that the capital reserves of the company then available would not provide for the immediate requirements for facilities that were indispensable. In 1906-7 there were sold \$650,000 Notes due March 1, 1912. These notes were issued to reimburse the treasury for cash advanced to purchase the lines which were consolidated on July 1, 1906, into the Wadley Southern Ry. The Wadley Southern Ry. extends from Collins, Ga., to Rockledge, via Wadley, 90 miles. On June 30, 1909, the Central of Georgia Ry. owned the entire issue of bonds of the latter company (\$800,000), these bonds being pledged as security for the Short Term Notes.

In 1908-9 and 1907-8, \$837,101 and \$324,768 respectively were expended or reserved for betterments, and these amounts are

considered as having been deducted from the surplus earnings. Prior to 1907-8, such expenditures were included in operating expenses.

There was deducted from the surplus in 1908-9, \$213,502, "Taxes on Western Ry. of Alabama stock, and Charleston & Western Carolina Ry. Co. bonds (incomes), for period prior to July 1, 1908." This payment was made as the result of a decision adverse to the company in a suit which had been pending several years, wherein the State claimed as due certain taxes upon the cited securities.

CHARLESTON & WESTERN CAROLINA RY.

The income bonds are entitled to 5% per annum, non-cumulative. 2% was paid for the year 1903-4, 3% for 1904-5, and 5% for 1905-6. No interest has since been paid.

The entire capital stock of this road, and \$791,000 income bonds are owned by the Atlantic Coast Line Co. (of Connecticut) and the balance of the income bonds (\$1,589,000), are owned by the Central of Georgia Ry. The holdings of the former company are carried on its books at a value of \$467,250.

Main track on June 30, 1909, contained:

28 miles of 80-pound rail,	19 miles of 63-pound rail,
63 miles of 70-pound rail,	14 miles of 60-pound rail,
29 miles of 65-pound rail,	187 miles of 56-pound rail.

27 miles of 80-pound rail were laid in 1906-7, at a cost of \$134,357.

CHESAPEAKE & OHIO RY.

From October, 1899, to October, 1908, 1% annually was paid on the stock. In June, 1909, a quarterly dividend of 1% was paid and the annual rate of 4% has since been maintained.

The following sums have been appropriated from surplus earnings for improvements, new equipment, etc. (including for 1903-4, 1904-5, 1905-6, 1906-7, 1907-8 and 1908-9 respectively, \$450,000, \$735,000, \$998,333, \$1,336,666, \$1,005,000, and \$1,005,000 for payments on account of principal of Equipment Trusts):

Year 1900-1	\$1,304,172
Year 1901-2	1,440,815
Year 1902-3	591,012
Year 1903-4	1,311,366
Year 1904-5	1,952,477
Year 1905-6	2,532,739
Year 1906-7	2,684,221
Year 1907-8	*1,639,327
Year 1908-9	1,217,449

*Note: In 1907-8, there was also charged to Maintenance of Equipment Expenses the sum of \$500,000 as part payment of the principal of Equipment Trusts falling due.

During 1906-7, there was a net increase of \$6,605,333 in Equipment Trust Obligations outstanding; none were issued in 1907-8, and in 1908-9, whereas in these two years Equipment Trust payments were made to the amount of \$4,020,000. On June 30, 1909, there were outstanding \$12,410,000 Equipment Trust Obligations (thirteen series), these having originally been issued for the purchase of 213 locomotives and 17,205 freight cars. The installments maturing each year on these thirteen series aggregate \$2,010,000; under the terms of the General Funding and Improvement Mortgage \$1,000,000 bonds are delivered annually to the company's treasury in reimbursement for one-half the principal paid. Final payments on the series fall due on various dates between August 1, 1911, and February 1, 1917, both inclusive.

The following is a nine-year comparison of equipment owned and leased:

EQUIPMENT OWNED.	June 30th,	June 30th,	
	1909.	1900.	
Locomotive Equipment	494	375	Inc. 119
Passenger Car Equipment.....	306	221	" 85
Freight and Miscellaneous Car Equipment	22,000	12,371	" 9,629
EQUIPMENT LEASED.			
Locomotive Equipment	213	None	Inc. 213
Freight Car Equipment.....	17,205	4,899	" 12,306

On June 30, 1909, the Chesapeake & Ohio Ry. owned \$1,154,000 common stock of the Hocking Valley Ry. See Hocking Valley Ry. as to joint purchase by several railroads of a majority of the common stock of that company.

A majority of the capital stock was, until late in 1906, held by or in the interest of the New York Central & Hudson River R. R. and Pennsylvania R. R. As of June 30, 1905, the New York Central & Hudson River R. R. and "Big Four" owned stock of the Chesapeake & Ohio Ry. representing outlays, respectively, of \$1,638,455 and \$2,453,569. As of December 31, 1905, the Pennsylvania R. R. owned \$10,130,000, the Pennsylvania Co. owned \$4,000,000 and the Northern Central Ry. owned \$1,500,000 of the stock, but late in 1906 all the stock owned by the three last named companies (\$15,630,000) was sold to Kuhn, Loeb & Co.

In January, 1909, the Kuhn, Loeb & Co. holdings, including about \$8,000,000 stock owned by the New York Central Lines, were disposed of to a syndicate headed by Edwin Hawley, and

at the time it was announced that the amount of stock transferred totalled \$24,000,000.

Main and second track included, June 30, 1909:

636 miles of 100-pound steel,	91 miles of 70-pound steel,
454 miles of 85-pound steel,	143 miles of 62-pound steel,
5 miles of 80-pound steel,	55 miles of 56-pound steel,
589 miles of 75-pound steel.	34 miles of 50-pound steel.

Bituminous coal contributed about 67% of the total tonnage in 1908-9 against 63% in 1907-8, 58% in each of the three preceding fiscal years, 52% in 1903-4, 41% in 1902-3, and 50% in 1901-2. Of the total tonnage carried in 1908-9 and 1907-8 about 87% originated in each year on Chesapeake & Ohio Ry's own road, against about 81% in 1906-7 and 1905-6.

This company is liable as guarantor of bonds not included in its liabilities as follows: Norfolk Terminal & Transportation Co. 1st mortgage (\$500,000), Chesapeake & Ohio Grain Elevator Co. 1st mortgage (\$820,000), Coal River Ry. Co. 1st mortgage (\$2,250,000), Western Pocahontas Corporation 1st mortgage and extension mortgage (\$915,000) and Raleigh & Southwestern Ry. 1st mortgage (\$750,000).

The company is joint guarantor, with the "Big Four" (Chesapeake & Ohio Ry. one-third) of the Louisville & Jeffersonville Bridge Co. 1st mortgage (\$4,500,000), and with five other roads (Chesapeake & Ohio one-sixth), of the Richmond-Washington Co., collateral trust mortgage (\$9,500,000).

An interesting comparison can be made of the record for ten or eleven years of the Chesapeake & Ohio Ry. and the Norfolk & Western Ry. On practically the same mileage the former's gross earnings have increased since 1898-9 about \$14,620,000, while the latter's gross earnings have increased about \$17,540,000. In 1898-9 the earnings were about alike (\$12,000,000).

These two companies have about the same amount of common stock, bonds and equipment obligations outstanding. The Norfolk & Western Ry., however, has about \$23,000,000 preferred stock outstanding. Owing to its greater earning capacity, it required only 22.2% of Norfolk & Western Ry.'s gross income in 1908-9 to pay all fixed charges and 4% on the preferred stock, whereas fixed charges alone consumed 25.4% of the gross income of Chesapeake & Ohio Ry. The Norfolk & Western Ry. has issued more bonds since 1900 than the Chesapeake & Ohio Ry.

The Chesapeake & Ohio Ry. is in a high state of physical development, and has great advantages in its possession of a low grade line to tidewater. From July 1, 1899, to July 1, 1909, its gross earnings increased about 122% and the surplus for 1908-9 was 468% greater than the surplus for 1898-9, having

been \$4,012,127 in 1908-9, against \$706,132 in 1898-9. The surplus for 1907-8 was 295% greater than the surplus for 1898-9, having been \$2,784,387. The surplus for 1906-7 was 380% greater than the surplus for 1898-9, having been \$3,392,999. The surplus for 1905-6 was \$4,607,223 or 550% greater than the surplus for 1898-9. The initial dividend on Chesapeake & Ohio Ry. stock was paid on October 25, 1899, being 1%, the dividend requiring a disbursement to stockholders of \$605,278. This dividend was declared from the net income, June 30, 1899. A similar dividend of 1% was paid each year to and including the dividend paid on December 22, 1908. Dividends No. 9 and No. 10, paid in the fiscal year 1908-9, called for a disbursement to stockholders of \$1,255,814. Practically the entire surplus earnings over and above the amount paid out in dividends have, during the last ten fiscal years, been expended for improvements, additions and new equipment. The following statement is significant:

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR TEN FISCAL YEARS
TO JUNE 30, 1909.

	Dr.	Cr.
Balance June 30, 1890.....		\$2,147,580
Net Income to June 30, 1909.....		26,251,378
Dividends to June 30, 1909.....	\$6,816,499	
Discount on General Mortgage Bonds, Equipment Trust Certificates, etc. (net).....	2,907,986	
Greenbrier Ry. Sinking Fund.....	78,800	
Sundry Adjustments (Securities Written Off, etc.)	1,549,545	
Additions to Property.....	15,172,273	
- Balance June 30, 1909.....	1,873,855	
	\$28,308,958	\$28,308,958

On July 31, 1907, the stockholders authorized a new mortgage, the General Equipment and Improvement Mortgage, to secure \$10,000,000 10-year 5% bonds, dated August 1, 1907. In 1907-8, \$7,500,000 Collateral Trust 3-year 6% Notes, dated July 1, 1907, were sold, secured by \$9,750,000 bonds issued under the new mortgage. The stockholders voted on February 9, 1909, to authorize an issue of \$30,000,000 General Funding & Improvement Mortgage 5% bonds due 1929. \$11,000,000 of these bonds were sold in January, 1909, and the 6% Notes were called for payment on July 1, 1909, at 102½ and interest. Following the retirement of these Notes the General Equipment and Improvement Mortgage bonds were cancelled and that mortgage satisfied. The new twenty-year 5% bonds are redeemable at 107½ and interest.

GEORGIA SOUTHERN & FLORIDA RY.

The first preferred stock is entitled to non-cumulative dividends of 5% per annum, and is redeemable at par. The second preferred stock is entitled to non-cumulative dividends of 5% per annum.

Dividends at the rate of 5% are being paid on the first and second preferred stocks. Dividend periods, May and November.

Total length of track laid with 75-pound steel on June 30, 1909, was 150 miles, and 106 miles were laid with 70-pound steel.

In October, 1902, this company took over the Atlantic, Valdosta & Western R. R. 107 miles, and made a First Consolidated Mortgage to secure \$10,000,000 4% 50-year bonds. Of these bonds, \$2,000,000 were available for acquisition of the Atlantic, Valdosta & Western R. R., \$4,684,000 were reserved to retire the present bonds and the first preferred stock, and the balance for future requirements.

The Georgia Southern & Florida Ry. is affiliated with the Southern Ry., although operated separately. On June 30, 1909, the latter company owned \$2,000,000 of a total of \$2,200,000 Georgia Southern & Florida First Consolidated 4% bonds. The remaining \$200,000 bonds were held in the treasury of the Georgia Southern & Florida Ry. The Atlantic, Valdosta & Western R. R. was purchased from the Southern Ry. The Macon & Birmingham Ry., La Grange to Macon, 97 miles, is owned by the same interests, but operated independently. On February 3, 1908, a Receiver was appointed for this last named road. The gross earnings of the Macon & Birmingham Ry. for 1908-9 were \$139,513; net earnings were \$10,298. Fixed charges totalled about \$50,000, making a deficit for the year of about \$40,000.

In October, 1903, the Georgia Southern & Florida Ry. purchased a one-half interest in the stock of the Hawkinsville & Florida Southern Ry. Co., 44 miles, and in connection therewith guaranteed, principal and interest, \$310,000 5% bonds of that company. This road, which is operated separately, was leased for 45 years from May 1, 1907, to the Gulf Line Ry., which latter company has the option to purchase at any time.

Not including \$140,453 material and supplies on hand, the Current Assets on June 30, 1909, were \$475,805, and Current Liabilities were \$313,706.

The credit to Reserves for Maintenance on June 30, 1909, was \$152,349.

In 1902-3 forest products handled amounted to 547,075 tons, or 63.6% of the total tonnage; in 1908-9 forest products amounted to 368,203 tons, or 40.7% of the total tonnage, a

decrease, as compared with the fiscal year 1902-3 of 32.7%. During 1907-8, as compared with the year 1902-3, there was an increase in the movement of agricultural products of 67,674 tons, or 48.1%; products of animals, 10,062 tons, or 80.6%; manufacturers, 64,691 tons, or 46.3%.

A total of 29 mills, factories and other industries were established on the line of this company during 1908-9.

NORFOLK & SOUTHERN RY.

In July, 1908, Receivers were appointed for this company.

On November 23, 1906, the consolidation was completed, by which the Norfolk & Southern R. R. was merged with the Virginia & Carolina Coast R. R. and other properties into the Norfolk and Southern Ry.

An official statement (1906) giving information about the consolidated company, issued in respect of a certain underwriting agreement, gives a general outline of the purposes for which this new company was formed as follows:

"The company will acquire the property of the Norfolk & Southern R. R. Co., Virginia & Carolina R. R. Co., Pamlico, Oriental & Western R. R. Co., and Raleigh & Pamlico Sound R. R. Co., owning and operating 300 miles of well equipped standard-gauge railroad, and the lease of the Atlantic & North Carolina R. R. Co., owning and operating 95 miles of standard-gauge road, together with the valuable terminals of said properties in Norfolk and Suffolk, Virginia, and Elizabeth City, Edenton, Mackey's Ferry, Raleigh, Washington, Goldsboro, New Bern, Morehead City, and Beaufort in North Carolina, and all of the capital stock of a lumber company acquiring all of the property of the Roper, Blades and Belhaven Lumber companies, being over 600,000 acres of timber land in fee and about 200,000 acres of timber rights with standing timber thereon, conservatively estimated to be 4,000,000,000 feet, together with the modern manufacturing plants, having a present annual output of 125,000,000 feet, logging roads and ample logging equipment

"The company will construct an extension of about 200 miles of standard-gauge road, bridging Albemarle Sound and making a connected and fully equipped railroad system of about 600 miles in length between Beaufort and Goldsboro, New Bern and Washington, Raleigh and Washington, Washington and Mackey's Ferry, Belhaven and Mackey's Ferry, Mackey's Ferry, Edenton, Suffolk, Elizabeth City and Norfolk, traversing in great part its own land and timber holdings, and will increase its lumber plants, so that they will have an annual output of at least 150,000,000 feet.

"The company will own, in addition to all the capital stock of the lumber company, \$10,000,000 (being all) of the Sinking Fund bonds to be issued by said lumber company, and to be secured

by a first mortgage upon all the foregoing lands, standing timber, plants and paraphernalia, all of which will be pledged under the railroad company's deed of trust to constitute a sinking fund for the redemption and retirement of its bonds by means of payment to the trustees of \$2 for each 1,000 feet, board measure, of lumber cut or taken from the property, together with the net amount realized from the sale of lands, in no year after its inception to be less than \$175,000 and estimated to be in excess of \$300,000."

The official statement referred to above gave a statement of earnings of the new company, "present and prospective," as follows:

EARNINGS.

(Official Statement Issued in 1906.)

PRESENT.

At the present rate the aggregate annual net earnings of the properties to be acquired by the company is over	\$1,050,000
Interest on bonds to be issued, including reserve for refunding	875,000
Applicable to stock.....	\$175,000

FUTURE.

It is estimated that the earnings for the first year after the property is completed, by the expenditure of \$6,000,000, will be.....	\$1,550,000
The above estimate is based upon only \$4,500 gross earnings per mile of road and 65% for operating, although the Norfolk & Southern is now earning \$5,500 gross, and \$4 net profit per thousand feet, board measure, cut by the Lumber Companies, although they are exceeding that estimate by 33% at the present time.	
Interest on bonds.....	875,000
Applicable to preferred and common stock.....	\$675,000
5% on \$4,800,000 preferred stock.....	240,000
Remaining applicable to common stock, being approximately 3½%	\$435,000

Under the plan of consolidation the capitalization of the Norfolk & Southern Ry. consisted of \$25,000,000 First Mortgage & Refunding 5% 50-year Sinking Fund Gold Bonds, \$5,000,000 5% non-cumulative preferred stock, redeemable at par and during five years, unless redeemed, exchangeable by the holder for common stock, share for share, and \$20,000,000 common stock. Of these securities, there were underwritten, to provide for acquirement of the property mentioned above and for the

construction mentioned above, the following: \$14,000,000 bonds, \$4,800,000 preferred stock and \$13,130,000 common stock. \$3,500,000 of the bonds were reserved for retirement of all outstanding liens and \$7,500,000 (of which \$1,000,000 deposited as part security for collateral trust notes—see below), together with \$6,870,000 common stock and \$200,000 preferred stock, were reserved for general purposes.

In 1907, \$2,750,000 Collateral Trust 6% Notes, due November 1, 1910, were authorized. They are secured by deposit of \$1,000,000 First Mortgage & Refunding bonds of the N. & S. Ry., \$2,040,000 First General Mortgage bonds of the N. & S. R. R., and \$1,080,000 Equipment Trust 5% bonds (entire issue) dated 1907, maturing \$60,000 yearly to November 1, 1917. \$2,203,948 of these Collateral Notes were outstanding December 1, 1909.

As stated above, Receivers were appointed for the company in July, 1908.

A Plan of Reorganization, dated July 2, 1908, was issued in 1908. The Reorganization Committee in submitting this Plan called attention to the fact that the property could be preserved only by reducing Fixed Charges to a minimum. This was said to be particularly advisable on account of the timber holdings of the company, which, though steadily increasing in value, produce an annual earning insignificant in proportion to the heavy investment of the company therein. A statement of annual Fixed Charges of the company, including rentals and estimated taxes on May 31, 1908, was given as follows:

	Outstanding May 31, 1908.	Annual Charge.	
N. & S. R. R. Co. 1st Mtg.....	\$1,655,000	\$82,750	
N. & S. R. R. Co. 1st Gen.....	825,000	41,250	
S. & C. Ry. Co. Gen. 1st.....	90,000	5,400	
S. & C. Ry. Co. 1st Cons.....	650,000	32,500	
R. & P. S. R. R. Co. 1st Mtg...	47,000	2,350	
N. & S. Ry. Co. 1st & Ref.....	14,000,000	700,000	
N. & S. Ry. Co. Col. Tr. Notes..	2,197,998	131,880	\$996,130
<i>Leased line charges:</i>			
A. & N. C. R. R. Int. Gntd.....	\$325,000	\$19,500	
“ “ “ Rental		53,916	
“ “ “ a/c organ. exp.		1,200	
			74,616
Taxes estimated			80,000
Equipment Tr. Bonds—Annual Installment of Principal			\$1,150,746
			120,000
Total Fixed Charges.....			\$1,270,746

The Committee found that the cash necessary to be raised to complete and operate the property to advantage would be substantially as follows:

FUNDED DEBT:

To retire outstanding collateral trust notes, thus cancelling equipment bonds, and subjecting the equipment thereunder, as well as \$2,040,000 of 1st Gen. N. & S. R. R. Co. bonds, to the lien of the proposed new mortgage.....	\$2,252,948
To retire \$47,000 R. & P. S. R. R. Co. First Mortgage bonds	47,000

FLOATING DEBT, as of May 31, 1908, including vouchered and disputed claims.....	1,128,184
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CONSTRUCTION:

Albemarle Bridge	\$675,000
Snow Hill Branch.....	30,000
Belhaven Cut Off.....	10,000
Shop construction	300,000
Goldsboro and Norfolk Un. Sta.....	40,000
Freight terminals and offices at Norfolk.....	150,000
Oriental terminals	15,000
New Bern improvements.....	10,000
Industrial tracks	25,000
Lumber Company, completion of construction	150,000

\$1,405,000

10% for contingencies.....	140,500
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1,545,500

WORKING CAPITAL	600,000
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Cash required	\$5,573,632
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To this amount must be added the underlying bonds in the hands of the public.....	3,220,000
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Total to be provided.....	\$8,793,632
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To provide the cash (as above) required for the property, the Reorganization Committee submitted a plan which provides:

1. For the deposit of the preferred and common stock and First and Refunding Mortgage 5% bonds of the Norfolk & Southern Ry.

2. For the sale of the property of the Norfolk & Southern Ry. to a new company, the sale to be made subject to the existing underlying liens.

3. For the issuance of new securities as follows:

a. First Mortgage 50-year 5% Gold Bonds.....	\$12,000,000
b. Capital Stock	16,000,000

(a) The bonds will be secured by a mortgage upon all the property, except the stock and bonds on property of the John L. Roper Lumber Co., which in the discretion of the Committee may or may not be subjected to the lien of said mortgage.

On the \$12,000,000 new bonds, \$3,220,000 are to be reserved to retire at or before maturity a like amount of underlying bonds; \$3,000,000 are to be used for future requirements of the new company (of which, however, \$1,000,000 issuable at discretion of directors), and the balance, about \$5,780,000, are to be sold forthwith upon the plan being declared operative, to provide the necessary cash requirements of the new company, including the purchase and retirement of the Collateral Notes, and Raleigh & Pamlico Sound R. R. First Mortgage Bonds, Working Capital, expenses of foreclosure, etc.

(b) The capital stock of \$16,000,000 is to be appropriated approximately as follows: \$1,142.80 in stock for each \$1,000 of First and Refunding Mortgage bonds deposited. In this way it is intended to recognize on the basis of par in stock the original cash investment in the property.

Based on the above described Plan the Fixed Charges of the new company will be as follows:

Bonds	Outstanding	Annual Charge	
N. & S. R. R. Co. 1st Mtg.....	\$1,655,000	\$82,750	
N. & S. R. R. Co. 1st Gen.....	825,000	41,250	
S. & C. Ry. Co. Gen. 1st.....	90,000	5,400	
S. & C. Ry. Co. 1st Cons.....	650,000	32,500	
	\$3,220,000	\$161,900	
New Company 1st Mtg.....	5,780,000	289,000	
Total	\$9,000,000	.....	\$450,900
<i>Leased Line Charges:</i>			
A. & N. C. R. R. Int. Gntd.....	\$325,000	\$19,500	
“ “ “ Rental .....	.....	53,916	
“ “ “ a/c organ. exp. ....	.....	1,200	
			74,616
Taxes estimated			80,000
Fixed Charges under Plan.....			\$605,516

To January, 1909, a large majority of the securities of the Norfolk & Southern Ry. had been deposited under the terms of the Plan dated July 2, 1908. The deposit of securities was obtained more readily than otherwise would have been the case, owing to the fact that the owners of the First and Refunding Mortgage bonds were also the principal owners of the preferred and common stock of the company.

About 582 miles of railroad were in operation in 1909. The company has been building 187 miles of road which when completed will make a connected system of 611 miles. The work of bridging Albermarle Sound (9 miles) was temporarily abandoned two years ago after about one-third of the work had been completed—work was later resumed on this bridge and it was finally completed January 1, 1910.

\$1,000,000 one-year 6% Receivers' Certificates, renewable for one year at Receivers' option, were issued in December, 1908, the proceeds to be used for repairs, maintenance and construction.

\$442,865 one-year 5½% certificates were issued on December 1, 1909.

The property of this company was sold on December 7, 1909, under foreclosure of the First and Refunding mortgage. Rathbone Gardner, representing the Reorganization Committee, bought the property for \$8,500,000.

The earnings for 1908-9 have been reported as follows:

Average Miles Operated.....	582
Gross Earnings	\$2,417,319
Operating Expenses	1,589,606
Net Earnings	827,713
Taxes	70,099
Operating Income	757,614

OPERATING EXPENSES.

Maintenance of Way.....	\$336,329
Maintenance of Equipment.....	265,844
Traffic Expenses	51,983
Transportation Expenses	765,901
General Expenses	169,549

The Net Deficit from Outside Operations in 1908-9 was \$6,568 against \$53,218 in 1907-8. Fixed Charges under the Plan of Reorganization would have been about \$600,000.

NORFOLK & WESTERN RY.

The preferred stock is limited to non-cumulative dividends of 4% per annum.

Preferred dividends have been paid semi-annually in February and August, but will hereafter be paid quarterly. The common stock received 2% in 1901 and 3½% in 1902, the dividend in December, 1902, having been a semi-annual dividend of 1½%. 3% was paid to December, 1905, when the annual rate was raised to 4%. In December, 1906, the annual rate was raised to 5% but in June, 1908, dividend rate was reduced to 4% per annum. In December, 1909, the rate was again increased to 5%. Dividends have been paid semi-annually in June and December, but will hereafter be paid quarterly.

Appropriations from surplus earnings for betterments, etc., and for deficiency of interest on Norfolk & Western-Pocahontas Joint Bonds, have been made as follows:

	Betterments	N. & W.-Poco. Bonds
Year 1899-0.....	\$1,500,000	
Year 1900-1.....	1,500,000	
Year 1901-2.....	2,500,000	\$161,230
Year 1902-3.....	2,500,000	159,176
Year 1903-4.....	2,000,000	295,595
Year 1904-5.....	2,250,000	216,000
Year 1905-6.....	2,950,000	188,000
Year 1906-7.....	1,246,652	218,000
Year 1907-8.....	1,360,000	192,000
Year 1908-9.....	1,730,580	150,000

In 1901 the Norfolk & Western Ry. acquired the capital stock of the Pocahontas Coal & Coke Co. and joined with that company in the issue of \$20,000,000 4% purchase-money mortgage bonds, due December 1, 1941, in settlement for the purchase by the coal company of its lands and interests in lands. On June 30, 1909, \$19,302,000 bonds of this issue were outstanding. It is agreed between the Norfolk & Western Ry. and the coal company that the latter shall pay the principal and interest on these bonds, but this agreement does not affect the liability of the two companies or either of them to the holders of the bonds. Beginning in 1906, a sinking fund of 2½ cents per ton of coal mined was to be set aside for retirement of bonds. It is expected that the royalties on account of leases will more than offset the interest on these bonds and the sinking fund. The temporary deficiency, until the plans contemplated in leases already made are completed and in operation, has been provided for through an agreement between the Norfolk & Western Ry. and the Pennsylvania Lines West of Pittsburgh, a provision of which agreement is that these companies shall loan to the Pocahontas Company, without interest, in the proportion of two-thirds by the Norfolk & Western Ry. and one-third by the Pennsylvania Lines, such amounts as may be necessary to meet such deficiency.

In 1900-1 the Pennsylvania R. R., together with controlled roads acquired control of this road through purchase of stock. On December 31, 1905, stock of the Norfolk & Western Ry. was owned as follows:

	Preferred	Common
Pennsylvania R. R. owned.....	\$5,500,000	\$20,330,000
Pennsylvania Co. owned.....	5,000,000	1,500,000
Northern Central Ry. owned....	500,000	1,000,000
Total	\$11,000,000	\$22,830,000

Late in 1906 it was announced that about one-half of the above holdings of the Pennsylvania R. R. Lines had been sold to Kuhn, Loeb & Co. On December 31, 1908, the holdings of the above mentioned companies were as follows:

	Preferred	Common
Pennsylvania R. R. owned.....	\$3,246,000	\$6,246,000
Pennsylvania Co. owned.....	5,000,000	1,500,000
Northern Central Ry. owned...	500,000	1,000,000
Total	<u>\$8,746,000</u>	<u>\$8,746,000</u>

In April, 1909, it was announced that the Pennsylvania R. R. had repurchased the Norfolk & Western Ry. stock previously sold (as above stated) to Kuhn, Loeb & Co., so that stock was again owned to the amounts (approximately) stated first above.

From the organization of the company October 1, 1896, to June 30, 1909, expenditures to the amount of \$15,088,310 were made from appropriations from surplus income, for railroad lines, etc., equipment and for betterments to the property, exclusive of betterments charged to operating expenses. The expenditures capitalized during the same period, for construction and other property accounts, amounted to \$48,253,941. Additions to the equipment in use were also made through the agency of Equipment Trusts, under which there had been issued an aggregate of \$18,500,000 Certificates, of which \$6,000,000 matured and were paid to June 30, 1909. Of the outstanding Certificates \$3,200,000 were held in the treasury on June 30, 1909. \$2,800,000 of these certificates were offered for sale in October, 1909. The payments each year under Equipment Trusts amount to \$2,000,000.

The above mentioned expenditures and arrangements have added to the company's road 334 miles of main line and branches, 220 miles of second track and 493 miles of sidings; and to its equipment 540 locomotives, 153 passenger cars, 19,709 freight cars and 874 maintenance of way cars. Large additions have also been made to its yards, shops, stations and other facilities and appliances. The property has been further improved by revisions of line and grade, by the substitution of permanent bridges or embankments for temporary structures, by additional fencing and ballasting and by multitudinous other additions and improvements.

On June 17, 1904, the shareholders authorized the creation of an issue of \$35,000,000 bonds under a mortgage dated July 1, 1904, due July 1, 1944, and designated the Divisional First Lien and General Mortgage. Bonds to be issued under this mortgage shall bear interest at a rate not exceeding 4%. Bonds are subject to redemption after 1929 at 105%. \$23,000,000 of these bonds had been issued to June 30, 1909.

Stockholders of record December 22, 1906, were offered the privilege of subscribing at par for \$14,576,000 of an authorized issue of \$34,000,000 4% convertible bonds. The bonds offered were paid for in full in January, 1907. These bonds mature June 1, 1932, and interest on them is paid semi-annually, June and December. They are subject to call at the company's option on any interest day after June 1, 1917, at 105 and interest and are convertible into common stock of the company, dollar for dollar, to June 1, 1917.

Main and second track included, June 30, 1909:

1,483 miles of 85-pound steel,	9 miles of 60-pound steel,
133 miles of 75-pound steel,	111 miles of 56-pound steel,
72 miles of 67-pound steel,	9 miles of 52-pound steel.

Bituminous coal contributed 54% of the total tonnage carried in 1908-9, against 52% in 1907-8, 46% in 1906-7, 49% in 1905-6, 51% in 1904-5, 48% in 1903-4, 44% in 1902-3, and 45% in 1901-2.

During the year 1908-9 there were established upon the lines of the Norfolk & Western Ry. 35 industries, against 62 industries established in 1907-8, 121 industries established in 1906-7, 149 industries established in 1905-6, and 174 industries established in 1904-5.

It was announced in the report for 1908-9, that the Norfolk & Western Ry. and the Atlantic Coast Line R. R. would jointly build a line known as the Winston-Salem Southbound Ry., extending from Winston-Salem, N. C., to Wadesboro, N. C. (90 miles). This line, which will form a connecting link between the Norfolk & Western Ry. and the Atlantic Coast Line R. R., it is estimated will cost \$3,000,000. The proprietary companies, each owning one-half of the \$1,250,000 stock, will guarantee an issue of this company's 50-year 4% bonds which will be limited to \$5,000,000.

An interesting comparison can be made between the earnings, capitalization, etc., of the Norfolk & Western Ry. and the Chesapeake & Ohio Ry. See notes under Chesapeake & Ohio Ry.

RICHMOND, FREDERICKSBURG & POTOMAC R. R.

The guaranteed stock bears guaranteed interest—\$481,100 at 7% and \$19,300 at 6%. The dividend obligations stand upon the same footing as common stock, except that they do not carry voting power.

Dividends of 9% were paid in 1905, 1906, 1907, 1908 and 1909 on all the stock and the dividend obligations. Dividends on the common stock and dividend obligations are paid semi-annually in January and July.

In September, 1901, the Richmond-Washington Co. was incorporated and acquired all of the capital stock and bonds of the

Washington Southern Ry. (35 miles) and a majority (\$947,200) of the voting capital stock of this road. The two roads maintain their corporate existence and their accounts are kept distinct. The Richmond-Washington Co. is owned jointly by the Pennsylvania R. R., Baltimore & Ohio R. R., Atlantic Coast Line R. R. Southern Ry., Seaboard Air Line Ry. and the Chesapeake & Ohio Ry. The Richmond-Washington Co. owns the total outstanding General Mortgage 3½% bonds of 1943, referred to below, and has deposited these bonds, the \$947,200 stock of the Richmond, Fredericksburg & Potomac R. R., \$236,800 R. F. & P. R. R. dividend obligations and the entire issue of stock and bonds of the Washington Southern Ry., as collateral to the \$9,500,000 Richmond-Washington Co. Collateral Trust 4% bonds due June 1, 1943. These latter bonds are authorized to the amount of \$11,000,000 and are guaranteed, principal and interest, by endorsement by the six proprietary companies, jointly and severally.

The double tracking of the road was begun in 1902 and completed in 1905. On June 30, 1908, of the 79 miles of double track owned (exclusive of the James River Branch) 53 miles were laid with 100-pound rail, 14 miles with 85-pound rail and the remainder with 75-pound rail.

A new General Mortgage was authorized in 1903, dated April 1, securing \$4,000,000 of 3½% bonds due in 1943. During the year 1903-4, \$1,850,000 of these bonds were sold at 95 and accrued interest, and \$450,000 at 90 and accrued interest. The proceeds were applied to the work of double-tracking, the purchase of real estate, and other improvements. In the report for 1903-4 it was stated that the board did not anticipate any further increase in bonded indebtedness, but in 1906-7, \$380,000 of these bonds were sold at 85½ and accrued interest, and the proceeds applied towards the purchase of equipment. The annual interest charge on bonds outstanding is \$116,300.

The following sums have, during the past few years, been appropriated from surplus earnings for extraordinary expenditures:

Year 1903-4	\$101,923
Year 1904-5	100,000
Year 1905-6	158,717
Year 1906-7	76,000
Year 1908-9	151,851

No special appropriation was made during 1907-8.

The annual report for 1908-9 stated that the expenditures from February, 1902, to June 30, 1909, for new construction amounted to \$2,904,926.

SEABOARD AIR LINE RY.

The preferred stock has priority over the common stock for non-cumulative dividends at the rate of 4% per annum, and is entitled to 2% additional after the common stock receives 4%; thereafter all surplus goes to the common stock. No dividends have been paid. See below regarding new issue of Cumulative Income bonds.

In January, 1908, Receivers were appointed for the Seaboard Air Line Ry., the company having outstanding at that time about \$1,000,000 past due vouchers and a considerable floating debt. Prior to June 30, 1909, Receivers' Certificates to the amount of \$7,510,000 had been sold. These were issued in three series, Series "A" and "B" bearing 6% interest, and Series "C" bearing 5% interest. Series "A" were dated June 15, 1908 (\$3,000,000) and were payable not later than June 1, 1911. Series "B" were dated June 16, 1908 (\$260,000) and were payable upon termination of the Receivership. Series "C" 5% certificates (\$4,250,000) were dated January 1, 1909, and were payable not later than January 1, 1912. Under the Adjustment Plan described below, cash was obtained for the retirement of all the Receivers' Certificates.

In June, 1905, the Seaboard Company was incorporated as a holding company to provide funds to be used toward liquidating the floating debt, for improvements, betterments, extensions and other corporate purposes of the Seaboard Air Line Ry. The authorized capital of the Seaboard Company is \$18,000,000 5% first preferred stock (of which \$6,360,600 issued), \$18,000,000 6% second preferred stock (of which \$15,903,650 issued) and \$36,000,000 common stock (of which \$28,545,775 issued). The first preferred is cumulative after July 1, 1910, and is convertible into second preferred at par and redeemable after three years at the option of the company. The second preferred is redeemable after three years at 110% provided the first preferred shall have been redeemed or converted. Each holder of one share of the preferred stock of the Railway, on payment of \$12.50 in cash, received in exchange for such share and such cash payment, \$12.50 of new first preferred stock, \$75 of new second preferred stock and \$12.50 of new common stock. Each holder of one share of common stock of the Railway, on payment of \$12.50 in cash, received in like manner \$12.50 of new first preferred stock and \$87.50 of new common stock. In July 1907, over 82½% of the Seaboard Air Line Ry. voting trust certificates had been acquired by the Seaboard Company, that is voting trust certificates for 503,208 out of a total representing 609,000 shares outstanding. Of the authorized capital of the Seaboard Company, as given above, there remained available for the new company, above the amounts issuable in exchange for stocks of the Railway, \$10,375,000 first preferred stock,

\$76,650 second preferred stock and \$553,070 common stock. The stockholders subscribed at par for the outstanding 5% first preferred stock of the Seaboard Co. For the moneys advanced to the Railway the Seaboard Co. received notes of the Railway or mortgage bonds to which all the stockholders of the Railway also had the right to subscribe. The plan here described provided for the making of a new mortgage by the Railway to secure \$18,000,000 of 5% bonds, the present issue thereof to be offered pro rata to stockholders. Accordingly in January, 1907, this \$18,000,000 bond issue was authorized and approximately \$7,300,000 were offered to stockholders and voting trust certificate holders at 90 and interest. Of these, \$6,345,000 were sold and were outstanding on June 30, 1909. The bonds matured February 1, 1937, and were redeemable at par on any interest date at the pleasure of the company. These bonds were exchanged for Adjustment Income bonds under terms of Adjustment Plan. See *below* following.

The charter of the Seaboard Co. provides that neither the directors nor stockholders shall have power to pledge or voluntarily encumber the stock of the Railway acquired, and that the total indebtedness for which the Seaboard Co. may at any one time be obligated shall not exceed \$500,000.

The unissued first preferred stock can be used only to provide funds for corporate purposes, and at not less than par. In July, 1906, an initial dividend of 2½% was paid on the first preferred stock of the Seaboard Co. Dividends of 2½% each were paid in January, 1907, and in August, 1907. No further dividends have been paid.

As to interest in Richmond-Washington Company, see Richmond, Fredericksburg & Potomac R. R.

On June 30, 1909, 2,595 miles were laid with steel rails and 8 miles with iron rails. The 2,595 miles of steel rails in main line included:

40 miles of 85-pound steel,	201 miles of 68-pound steel,
123 miles of 80-pound steel,	80 miles of 65 to 63½-pound steel,
777 miles of 75-pound steel,	499 miles of 60-pound steel,
216 miles of 70-pound steel,	660 miles of other weights (lighter).

In 1902 the Seaboard Air Line Ry. acquired control of the East & West R. R., extending from Cartersville, Ga., on the east, to Pell City, Ala., on the west, a distance, including branches, of about 123 miles. The Atlanta & Birmingham Air Line Ry. (since merged), whose stock was all owned by the Seaboard Air Line, owned all the property of the East & West R. R., and under the charters of other companies which were owned built the necessary links to complete the line between Atlanta, Ga., and Birmingham, Ala. The line is the shortest between these cities. Long time contracts were made with other railroads whereby valuable trackage, rights and other privileges were secured to

the "Seaboard" in and about Birmingham. The Atlanta & Birmingham Air Line Ry. operated in 1908-9 237 miles, of which 21 miles were trackage. \$5,760,000 of an authorized issue of \$10,000,000 Seaboard Air Line Ry., Atlanta-Birmingham First Mortgage 4% 30-year bonds were sold to provide funds for the construction work necessary. The bonds of this issue outstanding June 30, 1909, were \$5,910,000 of which the Seaboard Air Line Ry. owned \$150,000. This line was completed on December 5, 1904, and commencing with the year 1905-6 was operated separately, with results as follows:

ATLANTA & BIRMINGHAM AIR LINE RY.

	1908-9	1907-8	1906-7	1905-6
Mileage operated	237	237	237	228
Gross earnings	\$942,870	\$868,893	\$997,897	\$836,533
Operating expenses	607,630	682,289	922,795	803,461
Net earnings	335,240	186,604	75,102	33,072
Other income	50,128	42,564	6,306	.....
Total income	385,368	229,168	81,408	33,072
Fixed charges*	421,701	404,064	268,519	262,525
Deficit*	36,333	174,896	187,111	229,453

*The Fixed Charges above do not include \$375,695 (1908-9), \$348,788 (1907-8), \$324,743 (1906-7) and \$277,984 (1905-6), being the amount of the interest accrued on the Second Mortgage Bonds and on the Floating Debt, which were obligations solely to the Seaboard Air Line Ry. The accrued interest on these obligations was not included in the income of the Seaboard Air Line Ry. The actual deficit of the Atlanta & Birmingham Air Line Ry. for 1908-9, including in the Fixed Charges the accrued interest just mentioned, was \$412,028. The deficit for 1907-8 was \$523,684, for 1906-7 the deficit was \$511,854, and for 1905-6, likewise, \$507,437.

On June, 30, 1907, the total advances by the "Seaboard" to the Atlanta & Birmingham Air Line Ry., over and above the amounts received from the sale of the bonds secured by the First Mortgage upon the property of that company, were \$4,947,785. \$2,000,000 in Second Mortgage bonds had been received by the "Seaboard," leaving on that date \$2,947,785 in open account. On June 30, 1909, the Seaboard Air Line Ry. owned the \$2,000,000 Second Mortgage bonds; under the terms of the Adjustment Plan these bonds are to be cancelled or pledged under the new Refunding Mortgage.

The interest on the Atlanta & Birmingham 1st Mortgage 4% bonds is in default.

In January, 1904, \$5,000,000 Three-Year Collateral 5% bonds were sold (offered pro rata to stockholders) at par with bonus of 90% of preferred stock and 160% of common stock. The proceeds were used to pay off \$2,950,000 borrowed under special

loans arranged prior to January, 1904, and to provide additional money for building the Birmingham Extension, for current obligations, betterments and improvements. On June 30, 1909, the amount of these Three-Year Collateral 5s outstanding was \$4,651,000. At their maturity, March 1, 1907, these bonds were extended to May 1, 1911.

On June 30, 1909, Notes Payable were \$2,496,674. Including these Notes, but not including Reserve Accounts aggregating about \$800,000 and over \$3,900,000 provisional accounts, the Current Liabilities on June 30, 1909 (consolidated balance sheet) were \$8,216,327, and Current Assets (including \$1,170,812 material and supplies) were \$6,071,017.

The Seaboard Air Line Ry. guarantees principal and interest of the Savannah & Statesboro and Florida West Shore Ry. bonds (\$185,000 and \$717,000, respectively) in accordance with traffic contracts, which provide that the guarantor company becomes the preferred connection of these roads. In 1906-7, practically all of the capital stock of the Macon, Dublin & Savannah R. R. (92 miles) was purchased. The Seaboard Air Line Ry. guarantees the \$1,240,000 outstanding 5% bonds of that company.

The Seaboard Air Line Ry. owns the Baltimore Steam Packet Co., which has no indebtedness of any kind. Gross earning of the water lines in 1908-9 were \$704,378, and surplus earnings, \$134,589.

The following figures show the increase in earnings, both gross and per mile, of the properties which are included in the Seaboard System, and which, prior to July 1, 1900, were operated under separate managements and known as the Seaboard Air Line Ry., 961 miles; the Florida Central & Peninsular R. R., 940 miles; and the Georgia & Alabama Ry., 458 miles:

Year (Ending June 30.)	Average Mileage.	Gross Earnings.	Gross Earnings Per Mile.
1895.....	2,185	\$5,585,842	\$2,566
1896.....	2,225	6,034,083	2,712
1897.....	2,293	6,901,286	3,009
1898.....	2,349	7,458,274	3,175
1899.....	2,359	8,559,532	3,628
1900.....	2,359	8,980,322	3,806
1901.....	2,392	10,426,279	4,022
1902.....	2,604	11,068,478	4,251
1903.....	2,607	12,156,928	4,663
1904.....	2,611	12,750,271	4,883
1905.....	2,611	13,619,274	5,216
1906.....	2,611	15,116,948	5,790
1907.....	2,611	16,427,943	6,292
1908.....	2,611	15,675,449	6,004
1909.....	2,609	16,451,677	6,306

The surplus of the Seaboard Air Line Ry. for the year 1908-9 as given on the statistical page in this book, was \$488,187. From this sum should properly be deducted the net deficit of the Atlanta & Birmingham Air Line Ry., \$36,333, the net deficit of the Florida West Shore Ry. (70 miles), \$28,074, and the net deficit of the Tallahassee, Perry & Southeastern Ry. (39 miles), \$733. Then there should be added the following amounts: \$13,014, the amount of the total surplus earnings of the Plant City, Arcadia & Gulf Ry. (19 miles), \$4,310, the total surplus earnings of the Catawba Valley Ry. (22 miles), and \$134,589 the net surplus earnings of the Baltimore Steam Packet Co. The total surplus in 1908-9 from all System operations (exclusive of interest obligations to the Seaboard Air Line Ry.) was \$574,961; the net surplus was \$142,471.

The debit balance to Profit & Loss, as of June 30, 1909, was \$2,293,256.

ADJUSTMENT PLAN.

In June, 1909, an Adjustment Plan was announced and subsequently adopted, the main features of which were as follows:

Reorganization without foreclosure.

The original First Mortgage to secure \$75,000,000 4% bonds, of which \$12,775,000 are outstanding, remains undisturbed.

No assessment on common or preferred shares.

Payment of defaulted interest on First Mortgage bonds was made out of the funds in the hands of the Receivers.

Creation of a supplemental mortgage to secure an issue of \$125,000,000 4% Refunding bonds.

The retirement of Collateral Trust 3-year and 10-year 5% bonds (par value of both, \$14,651,000) at or before maturity in 1911.

Merging of the Atlanta & Birmingham Air Line Ry., Florida West Shore Ry. and other subsidiary lines, except the Macon, Dublin & Savannah R. R., with the Seaboard Air Line Ry.

Reduction of annual Fixed Charges of the enlarged system from \$4,261,775 to \$3,288,710.

Exchange of General Mortgage 5% bonds of 1907 for Adjustment Cumulative Income bonds, dollar for dollar.

Payment of Receivers' Certificates and Floating Debt from proceeds derived from sale of Income Bonds.

On November 5, 1909, the control of the company was returned to the stockholders, the company having been reorganized without foreclosure.

The company on November 7, 1909, recorded in Norfolk, Va., two mortgages aggregating \$150,000,000: one mortgage was for \$25,000,000 of 5%, 40-year Adjustment Income (cumulative) bonds, and the other was for \$125,000,000 4%, 50-year Refunding bonds.

These were the new mortgages authorized under the Adjustment Plan. Of the \$25,000,000 Adjustment (Income) bonds, \$24,979,500 were issuable immediately as follows: \$6,970,500 to holders of the General Mortgage 5% bonds (as per Plan) and \$18,000,000 to an underwriting syndicate at 70 less commission, these latter bonds, however, having been offered at 70 to the stockholders of the Seaboard Air Line Ry. and Seaboard Co., to the extent of 30% of their total holdings.

The new 4%, 50-year Refunding bonds are to be redeemable at 105 and interest at any time. A majority of these bonds are issuable only for refunding purposes.

The three defaulted coupons on the First Mortgage 4% bonds of the Seaboard Air Line Ry. were paid in November, 1909.

The First Mortgage 4% bonds are subject to call at par, they having been so stamped in accordance with the terms of the Adjustment Plan. In no event may additional bonds under this mortgage be issued to an amount exceeding \$5,500,000.

The new Income 5% bonds are subject to call at par and their lien is to be immediately subsequent to that of the new Refunding Mortgage.

The Atlanta & Birmingham Air Line Ry., the Florida West Shore Ry., the Plant City, Arcadia & Gulf Ry., the Catawba Valley Ry., and the Tallahassee, Perry & Southeastern Ry., were merged with the Seaboard Air Line Ry., September 29, 1909.

SOUTHERN RY.

The preferred stock is limited to non-cumulative dividends of 5% per annum. The company has the right to retire the preferred stock at par.

From January 1, 1897, to January 1, 1908, twenty dividends were paid on the preferred stock, to an aggregate amount of \$23,315,904. In October, 1907, 1½% was paid from accumulated surplus, making the dividends on the preferred stock for the year 1907, 4% against 5% for each of the years 1902 to 1906 inclusive. No dividends were paid during 1908 and 1909.

From the surplus of 1908-9, 1907-8, 1906-7, 1905-6, 1904-5 and 1903-4 there were appropriated for improvements and betterments \$78,285, \$122,707, \$536,334, \$999,827, \$1,056,549 and \$773,806 respectively. On June 30, 1909, the balance sheet showed total credits of \$2,131,205 to Reserve Funds, including \$161,784 and \$1,890,632 respectively to the credit of Reserve for Maintenance of Way and Reserve for Maintenance of Equipment. There was also shown in the balance sheet \$1,743,987 Reserve for undetermined liabilities, and \$620,659 in the Insurance Fund.

The increase in mileage in 1902-3 was due for the most part to the addition of South Carolina & Georgia Extension R. R. (188 miles) and trackage over the Atlantic Coast Line R. R.,

Central Jc., Ga., to Jacksonville, Fla. (152 miles). The increase in mileage operated in 1905-6 was due for the most part to the taking over for operating purposes on December 1, 1905, of 206 miles, the Eastern Division of the Tennessee Central R. R. In July, 1905, the Southern Ry. and the Illinois Central R. R. obtained a three-year option upon practically all the stock and General Mortgage bonds of the Tennessee Central R. R. and all the stock and bonds of the Nashville Terminal Co. This option was not exercised and the companies reverted to their original owners on June 30, 1908. On January 1, 1909, the Southern Ry. in Mississippi (281 miles) was separated from the System and hereafter will be operated separately.

In January, 1900, the Virginia Legislature authorized the reduction of the stock whenever, on majority vote, it was deemed advisable.

The Alabama Great Southern Ry., the Cincinnati, New Orleans & Texas Pacific Ry., the Virginia & Southwestern R. R., and the Georgia Southern & Florida Ry. are affiliated with the Southern Ry., but operated separately. The four roads comprise over 1,200 miles of road. The entire capital stock (\$2,000,000) of the Virginia & Southwestern R. R. was acquired in 1906. That company operated in 1908-9, 188 miles.

The entire (\$5,000,000) capital stock of the Central of Georgia Ry. was sold in 1907 by the Southern Ry. See under Central of Georgia Ry.

The Southern Ry. controls the Mobile & Ohio R. R. (operated separately) through ownership of stock and bonds purchased in 1901. See Mobile & Ohio R. R. The Southern Ry. received in 1908-9 about \$283,510 dividends on Mobile & Ohio R. R. stock owned, and paid out \$226,808 dividends on its Mobile & Ohio R. R. stock trust certificates.

The Southern Ry., jointly with the Louisville & Nashville R. R., controls the Chicago, Indianapolis & Louisville Ry. (operated separately) through ownership of stock of that company. In July, 1902, these companies issued their joint 4% 50-year bonds in payment for the stock of the "Monon." On June 30, 1909, there were outstanding of these joint bonds \$11,827,000, secured by \$3,873,400 preferred stock and \$9,796,900 common stock of that road. See Chicago, Indianapolis & Louisville Ry. The Southern Ry. received in 1908-9, about \$230,534 dividends on "Monon" stock and paid out \$236,540, its proportion of interest on the joint bonds.

Jointly with the St. Louis & San Francisco R. R. the Southern Ry. guarantees, principal and interest, the outstanding \$10,000,000 (\$15,000,000 authorized) First Mortgage 4% bonds of the New Orleans Terminal Co.; also \$3,000,000 5% Notes of that company, which mature April 10, 1911. These Notes are secured by \$4,000,000 First Mortgage bonds.

In 1908-9 470 miles were operated under trackage rights. Of the 6,580 miles of main track owned, controlled and operated, 3 miles contained iron rails. The balance, 6,577 miles of steel, consisted, June 30, 1909, of:

434 miles of 85-pound steel,	196 miles of 65 to 68-pound steel,
1,558 miles of 80-pound steel,	1,140 miles of 60 to 62 pound steel,
1,302 miles of 75-pound steel,	1,738 miles of 56 pounds and less,
211 miles of 70-pound steel.	

In 1906, a new mortgage was authorized, the Development and General Mortgage, securing 50-year 4% bonds of an authorized amount of \$200,000,000. Under this mortgage \$15,000,000 were issued immediately to reimburse the company for previous extraordinary expenditures, not theretofore capitalized, and \$185,000,000 were reserved for specific purposes, including \$99,834,000 to provide for future acquisitions and betterments, and \$65,166,000 to retire existing bonds and equipment obligations. To June 30, 1909, there had been issued, under this new mortgage, bonds to the amount of \$62,092,000. In 1906-7, there were issued \$8,852,000, in 1907-8 there were issued \$12,341,000 and in 1908-9 there were issued \$24,186,000 of these bonds. In addition over \$17,000,000 bonds previously held in the treasury were disposed of during the year 1908-9.

In January, 1907, the Southern Ry. sold \$15,000,000 Three-Year 5% Notes, dated February 1, 1907, and due February 1, 1910. These Notes were paid off.

The \$16,000,000 Collateral Trust 5% bonds, dated 1904, matured on April 1, 1909, and were paid off at maturity with the proceeds derived from the sale of Development and General Mortgage 4% bonds.

In May, 1908, \$15,000,000 Three-Year 6% Convertible Notes due May 1, 1911, were authorized. The Notes were called for payment, \$3,895,000 May 1, 1909, and the remainder, \$11,105,000, November, 1909.

\$10,000,000 Three-year 5% Notes were sold in January, 1910. These Notes were dated February 1, 1910, and are due February 1, 1913. The proceeds were used to retire an equal amount of 5% Notes which matured February 1, 1910 (see above).

The classification of tonnage moved in 1908-9 showed that Products of Agriculture and of Animals contributed 13%, Products of Mines, 39%, Products of Forests, 17%, and Manufactures and Miscellaneous tonnage contributed 30%.

During 1908-9 there were established on the lines of the Company 453 new manufacturing plants. On June 30, 1909, there were over 10,000 manufacturing plants on the lines of the Southern Ry.

VIRGINIA & SOUTHWESTERN RY.

The entire capital stock (\$2,000,000) is owned by the Southern Ry. No dividends are being paid.

In 1908 \$7,000,000 First Consolidated Mortgage 5% bonds were authorized. These bonds mature April 1, 1958. To June 30, 1909, \$5,000,000 of these bonds had been issued, of which \$430,000 were in the treasury. The balance (\$2,000,000) are reserved to retire the \$2,000,000 First Mortgage 5% bonds, which latter issue is guaranteed principal and interest by the Virginia Iron & Coal Co., which company formerly controlled this company.

Main track on June 30, 1909, contained:

62 miles of 85-pound steel,	7 miles of 70-pound steel,
21 miles of 80-pound steel,	41 miles of 60-pound steel,
20 miles of 75-pound steel,	

In 1908-9 \$15,545 was appropriated from surplus for additions and betterments, against \$69,893 so appropriated in 1907-8. In addition to the above, \$20,000 was deducted from Income and \$130,000 charged to Profit & Loss in 1908-9, and credited to Reserve for Maintenance of Way and Structures.

In 1908-9 Products of Mines (mostly bituminous coal and coke) contributed 83.7% of the total freight tonnage moved, against 78.7% in 1907-8.

WESTERN MARYLAND R. R.

On March 5, 1908, a Receiver was appointed for this company.

Collateral Loans due April 1, 1908, amounting to \$3,776,750, went to default and the collateral, consisting of \$5,037,000 First Mortgage 4% bonds, was sold, being entirely or mostly purchased by a syndicate. Coupons on the \$42,518,000 First Mortgage 4% bonds and the various underlying bonds have been regularly paid at maturity. The interest on \$10,000,000 General Lien and Convertible 4% bonds was defaulted in April, 1908. (See below.)

Receiver's Certificates outstanding June 30, 1909, amounted to \$4,110,000.

See last below for complete facts regarding the Plan of Reorganization, which Plan was made effective late in 1909.

HISTORY OF COMPANY.

The annual report of the Western Maryland R. R. for the fiscal year 1905-6, reviewed the history of the construction or formative period of the present system. Following are given extracts from this report:

"The Western Maryland R. R. Co. was incorporated under the laws of the State of Maryland by a special charter on May 27, 1852, under the corporate name of the Baltimore, Carroll & Frederick R. R. Co., which was subsequently changed to the present name. The operations of the company during the first fifty years of its corporate existence were restricted to the transportation requirements of a local territory in Maryland and southeastern Pennsylvania. In the year 1902 individual interests, which have been succeeded by the present owners of the capital stock of the Railroad Co., acquired control of the company, embracing the interests of the City of Baltimore in its stock and mortgage indebtedness. These acquisitions were made under conditions insuring the development of the property, and in the same year the Railroad Co. purchased the control (afterwards extended to the entire issue) of the stock of the West Virginia Central & Pittsburgh Ry. Co., operating railroads and extensive coal properties in the State of West Virginia. In the interval succeeding these purchases a connecting line between the Western Maryland R. R. and the West Virginia Central & Pittsburgh Ry. was constructed from a point opposite Cherry Run, W. Va., to Cumberland, Md.; and tidewater terminals at Baltimore were acquired and constructed.

"The present report (1905-6 Ed.) embraces a period of nearly five years and covers the result of extensive financial outlay in the construction and development of the property as well as the results of the operations of its disconnected parts, together with three and one-half months' initial and partial operation of the connecting line during the past fiscal year.

"At the time when the union of the Western Maryland and West Virginia Central properties was projected, the general plan, since matured and in large part accomplished as the policy of your company, embraced three fundamental purposes:

"(1) The construction of about sixty miles of road (known as the Cumberland Extension) to unite the Western Maryland and West Virginia Central systems.

"(2) The acquisition and construction of tidewater terminals at and in the vicinity of Baltimore.

"(3) The revision of existing properties and the provision of adequate local facilities and equipment.

"These purposes have been largely accomplished (saving, of course, that current and future development which is invariably necessary to keep pace with the growth of business requirements).

"During the same period various supplementary acquisitions and mergers have been made. The outstanding balances of

the capital stocks of the West Virginia Central & Pittsburgh and the Piedmont & Cumberland railway companies have been purchased and the lines of these companies conveyed to the Western Maryland R. R. Co., resulting (with the completion of the Cumberland Extension) in uninterrupted ownership of the main line from the tidewater terminals at Baltimore to the termini in West Virginia.

"The properties known as the Weaver coal operations, lying adjacent to the present western terminus of the lines of the company at Belington, and a reserve of about 25,000 acres of Pittsburgh vein coal in the Fairmont territory of West Virginia, have been acquired.

"The securities issued by the company during the period covered by this report and outstanding on June 30, 1906, as shown by the balance sheet of that date, were issued for the purpose of making financial provision for the cost of construction and of properties and equipment acquired."

The total net increase in capital obligations during the year 1906-7 amounted to \$4,644,242. A large portion of the increase in obligations issued was due to the purchase in 1906-7, at a cost of \$1,816,307, of all the capital stock of the George's Creek & Cumberland R. R. Co. (33 miles).

On June 30, 1907, the main and second tracks in operation (574 miles) contained:

228 miles of 90-pound steel,	82 miles of 70-pound steel,
86 miles of 85-pound steel,	84 miles of 60-pound steel,
47 miles of 80-pound steel,	47 miles of 56-pound steel,

The average weight of rail in main and second tracks (June 30, 1907), was 78.4 pounds, against 66.7 pounds on June 30, 1903.

On June 30, 1907, 403 miles were ballasted with stone, 101 miles with cinder and slag and 70 miles were partly ballasted.

The following is a statement of the Coal Department for the four fiscal years mentioned below:

	1906-7.	1905-6.	1904-5.	1903-4.
Coal tonnage produced...	1,900,866	1,918,789	1,632,836	1,570,652
Coke tonnage produced..	330,507	311,762	216,607	178,706
Net profits.....	\$564,992	\$564,052	\$284,876	\$356,871

PLAN OF REORGANIZATION.

On July 26, 1909, a Plan of Reorganization was announced and subsequently adopted.

The capitalization, floating indebtedness and requirements of and claims against the company were (prior to the reorganization) substantially as follows:

I. Bonds and Guaranteed Stock not in default:

Western Maryland First Mortgage 4's.....	\$42,518,000	
Divisional Bonds.....	6,200,000	
Leased Line Bonds.....	1,659,300	
Leased Line Guaranteed Stock out- standing	574,650	\$50,951,950

II. Bonds in default:

Western Maryland General Lien and Convertible Bonds.....	\$10,000,000	
Amount of coupons thereon in default, including the coupon maturing Oc- tober 1, 1909, with interest at 6% for period of default.....	836,000	10,836,000

III. Receivers' obligations as of July 1, 1909:

Equipment Certificates.....	\$2,000,000	
Car Trust Certificates.....	510,000	
First Mortgage Interest Certificates..	350,000	
George's Creek and Cumberland Cer- tificates	1,250,000	
Uniontown and Wheeling Certificates.	323,850	
Note for rails.....	58,996	
	<u>\$4,492,846</u>	

IV. Notes, accounts and claims admitted:

Lien Notes on Fairmont Coal Lands, with interest to July 1, 1909.....	1,854,640	
Other items.....	414,811	

V. Estimated cash needed for improvements
and for current and miscellaneous
requirements in reorganization.....

1,511,863

Total maturing obligations and
cash requirements.....

\$8,274,160

8,274,160

VI. Disputed or foreclosable claims.....

1,714,091*

VII. Capital Stock (authorized issue, \$60,000,000)....

15,685,400

Total \$87,461,601

*Of these claims, one, amounting to about \$435,000 principal of unsecured notes of Western Maryland R. R., has recently been made the subject of intervening petition.

The reorganization of the Western Maryland R. R. was effected by the organization of a new Company which took over the property of the old Company, subject to its First Mortgage

and its underlying and Divisional bonds, as specified in the foregoing statement.

The new Company issued in acquisition of the property of the old Company:

\$10,000,000 4% Non-Cumulative Preferred Stock (par value \$100), preferred as to dividends and in liquidation, convertible at the option of the holder into Common Stock at par and redeemable at the option of the Company at par, and

\$23,959,560 Common Stock (par value \$100) of an authorized issue of \$50,000,000.

The holders of Certificates of Deposit for General Lien and Convertible 4% bonds received:

(a) For principal, 100%, viz.: \$10,000,000 in new 4% Preferred Stock;

(b) For unpaid overdue coupons (including the coupon maturing October 1, 1909), with interest thereon 8.36%, viz., \$836,000, in new Common Stock.

The required \$8,274,160 cash was raised by sale of \$20,685,400 of Common Stock to a Bankers' Syndicate under the management of Blair & Co., who offered the same as follows:

(a) To the holders of Certificates of Deposit for \$10,000,000 Western Maryland General Lien and Convertible Bonds 50% of their holdings, <i>i. e.</i> , \$5,000,000 new stock for 40% of its par value, or		\$2,000,000
(b) To the holders of \$15,685,400 Western Maryland Stock, in exchange for their old stock and on payment of 40% of the par value thereof in cash, 100% of their holdings, <i>i. e.</i> , \$15,685,400 new Common Stock, for.....		6,274,160
		\$8,274,160

CAPITALIZATION OF THE NEW COMPANY AND DISTRIBUTION OF SECURITIES IN REORGANIZATION.

Bonds of Western Maryland and Underlying bonds to remain undisturbed:

Western Maryland First Mortgage 4's...	\$42,518,000
Divisional Bonds.....	6,200,000
Leased Line Bonds.....	1,659,300
Leased Line Guaranteed Stock outstanding	574,650

Total Undisturbed Bonds and
Guaranteed Stock.....

\$50,951,950

Carried forward	\$50,951,950	
Non-cumulative 4% Preferred Stock:		
(Convertible at option of holder at par into Common Stock and re- deemable at option of Company at par.)		
Authorized issue, \$10,000,000 (par value \$100).		
To holders of Certificates of Deposit for \$10,000,000 Western Maryland General Lien and Convertible Bonds.....		10,000,000
Common Stock:		
Authorized issue, \$50,000,000 (par value \$100).		
To holders of Certificates of Deposit for \$10,000,000 Convertible Bonds, for un- paid coupons and interest thereon to October 1, 1909—8.36%.....	\$836,000	
To Bankers' Syndicate which offered at 40% to holders of Certificates of De- posit for \$10,000,000 Convertible Bonds 50%		5,000,000
To Bankers' Syndicate which offered to holders of the outstanding \$15,685,400 Western Maryland stock on surrender of stock and payment of 40%—100%..	15,685,400	
	<u>\$21,521,400</u>	
For expenses of reorganization, compen- sations, underwriting and other com- missions and for reserve.....	2,438,160	
Total issued on reorganization....	<u>\$23,959,560</u>	
		<u>23,959,560</u>
Total capitalization on reorganization.....		\$84,911,510
Since the issue of the \$10,000,000 Convertible Bonds in 1902 under the plan for the union of Western Maryland and West Virginia Central, there had been created to the time the plan was announced, for acquisitions of new property and for better- ments and improvements, temporary obligations amounting to.....		\$7,088,143
During this period there was expended from income for new property and betterments.....		1,798,428
There will, in reorganization, be expended for new property and for betterments and improvements an amount probably considerably in excess of.....		<u>600,000</u>
Making a total sum expended in new property or in betterments and improvements of.....		<u>\$9,486,571</u>

This last named amount is practically 40% of the \$23,959,560 of the new stock issued under reorganization, and the increase of Common Stock from \$15,685,400 to \$23,959,560 is exactly equal at par to the \$8,274,160 cash provided in reorganization.

Under the plan of reorganization all temporary obligations issued for the property, betterments and improvements above referred to will be retired unless the new Company shall assume, instead of paying off at a premium, the \$510,000 outstanding Car Trust Certificates maturing in semi-annual instalments until January 1, 1919, the interest upon which (now about \$25,000) diminishes from year to year; in which event a corresponding amount will be added to the improvement fund.

The \$10,000,000 Preferred Stock, which in reorganization replaces the issue of Convertible Bonds, thus takes the original rank of these bonds as junior only to the First and Underlying Mortgages.

In January 1910, it was announced that the Western Maryland R. R. would build an extension from Cumberland, Md., to Connellsville, Pa., (83 miles) to afford connection with the Pittsburgh & Lake Erie R. R. The cost of this line it was stated, would be in excess of \$10,000,000.

WRIGHTSVILLE & TENNILLE R. R.

The preferred stock carries preference for non-cumulative dividends up to 6% per annum. In 1907-8, and in 1908-9, 6% was paid on both issues of stock. In 1906-7, 10% was paid on both issues, of which 4% was a special dividend. In 1905-6, 11% was paid on both issues, of which 5% was a special dividend. In 1904-5, 12% was paid on both issues, of which 6% was a special dividend. For many years prior to 1904-5, not less than 6% per annum was paid. Dividend periods, June and December.

On July 1, 1906, the Wrightsville & Tennille R. R. purchased the Dublin & Southwestern R. R., operating 28 miles from Dublin, Ga., to Eastman, Ga. This road was operated independently during 1906-7, but was consolidated with the Wrightsville & Tennille R. R. in August, 1907. The table on the statistical page shows the combined income account of the two roads.

To pay for the purchase of the Dublin & Southwestern R. R. and to pay for improvements, etc., the Wrightsville & Tennille R. R. in August, 1907, issued \$250,000 5% bonds, due January 1, 1958, interest payable January and July, and increased the common capital stock from \$230,000 to \$530,000. \$100,000 of the bonds were sold in July, 1908, and the remaining \$150,000 were held in the Treasury of the Company on June 30, 1909.

For several years appropriations have been made from surplus earnings for improvements, etc.

Notes payable June 30, 1909, were \$43,002; these were the unpaid balance of \$64,502 notes issued account of purchase of the Dublin & Southwestern R. R.

Main track June 30, 1909, consisted of:

17 miles of 60-pound steel,	22 miles of 50-pound steel,
44 miles of 56-pound steel,	22 miles of lighter weights.

The Central of Georgia Ry. owns all the preferred stock and a large amount of common stock. See that company.

In 1908-9, Products of Agriculture and of Animals contributed 28.1%, Products of Forest contributed 18.8%, and Fertilizers, 22.5%, of the total freight tonnage carried.

ALABAMA & VICKSBURG RY.

During the last seven years an annual dividend each of 7% has been paid on the stock of this company, the last annual payment having been made on September 3, 1909.

In August, 1903, an annual dividend of 6% was paid on this company's stock, and an extra dividend of 3%. From 1900 to 1902 inclusive, 6% was paid annually. From 1897 to 1899 inclusive, 5% was paid annually.

An English company, the Alabama, New Orleans, Texas & Pacific Junction Rys. Co. (Limited), controls by ownership of securities, this company, also the Vicksburg, Shreveport & Pacific Ry. and the New Orleans & North Eastern R. R., which see. The English company owns the following securities of these roads:

Alabama & Vicksburg Ry., \$30,000 First Mortgage, \$363,400 Second Mortgage, \$141,100 Consolidated First Mortgage and \$581,500 stock;

Vicksburg, Shreveport & Pacific Ry., \$1,613,000 General Mortgage, \$2,080,100 preferred and \$2,773,500 common stock;

New Orleans & North Eastern R. R., \$5,195,000 General Mortgage, \$1,500,000 Incomes and \$5,320,000 stock.

The lands unsold on June 30, 1909, aggregated 8,697 acres. There were sold during the year 760 acres for \$3,800, against 1,397 acres sold in 1907-8 for \$6,895. 5,167 acres sold in 1906-7 for \$25,836, 10,255 acres sold in 1905-6 for \$51,066 and 5,716 acres sold in 1904-5 for \$26,221.

On June 30, 1909, the balance to credit of Net Revenue Account (Profit and Loss) amounted to \$668,009, which was represented virtually by current assets.

Main track on June 30, 1909, contained:

103 miles of 75-pound steel,	39 miles of 60-pound steel.
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During recent years the following appropriations have been made from surplus earnings for extraordinary expenditures:

	For new cars.	For purchase of land.
1903-4.....	\$97,851	\$10,939
1904-5.....	59,963	6,244
1905-6.....	65,497	.....
1906-7.....	82,510	5,106

During 1907-8 and 1908-9 the sums of \$248,707 and \$64,660, respectively, were expended for additions and betterments; \$139,260 and \$15,231, respectively, of these amounts were provided from accumulated net revenue and \$109,447 and \$49,430, respectively, from current income.

ALABAMA GREAT SOUTHERN R. R.

At a meeting held in December, 1905, the shareholders of the Limited Company, referred to below, voted to liquidate their company, their securities to be exchanged for the securities of the American company. The liquidation was effected on January 16, 1906.

On June 30, 1905, the capital stock and the debentures of this road were all owned by the Alabama Great Southern Ry., Limited, of London. The latter company had issued in place thereof its own stock (called "A" shares and "B" shares) and debentures respectively, for a like amount. On June 30, 1905, the Southern Ry. owned \$1,725,000 class "A" shares and \$4,540,050 class "B" shares of the English company, and on June 30, 1909, owned \$1,725,000 preferred and \$4,540,050 ordinary stock of the Alabama Great Southern R. R.

The Railroad company paid from surplus of 1905-6 6% on preferred stock, and from Profit and Loss paid \$63,225, representing 2% on preferred stock on account of unfunded arrears. The unfunded arrears of dividends on the preferred shares amounted, on July 1, 1905, to 2%. The amount of unfunded arrears was liquidated in full by the payment mentioned. 6% each was paid on the preferred stock in 1906-7, in 1907-8, and in 1908-9. Dividends are paid in February and August.

An initial dividend of 2% was paid on the common stock on June 26, 1909, out of accumulated surplus and charged to Profit & Loss.

The funded arrears of preferred dividends were in February, 1906, exchanged for an equivalent amount (\$399,464) of 4% certificates payable by sinking fund at the rate of 10% semi-annually until all are redeemed February 1, 1911. These certificates are unconditionally guaranteed by the Southern Ry. The amount of these certificates outstanding on June 30, 1909, was \$159,786.

In January, 1908, \$1,750,000 6% First Mortgage bonds matured, but this issue was extended at 5% to December 1, 1927.

On June 30, 1909, owned main track included:

51 miles of 80-pound steel, 240 miles of 75-pound steel.

The Alabama Great Southern R. R. owned on June 30, 1909, \$833,300 stock of the Southwestern Construction Co., received in exchange for \$833,300 stock of the Cincinnati, New Orleans & Texas Pacific Ry.

Reserve fund for replacement of rolling stock showed, June 30, 1909, a credit of \$842,676.

In 1899-0, Maintenance of Way expenses were \$263,662, and in 1906-7, \$707,397. The mileage was the same in each year. In 1907-8 Maintenance of Way expenses decreased to \$485,254, partially offsetting the large decrease in earnings during that year.

The Alabama Great Southern R. R., jointly with other companies, guarantees, principal and interest, the bonds of the Chattanooga Station Co. and the Birmingham Terminal Co.

CINCINNATI, NEW ORLEANS & TEXAS PACIFIC RY.

In 1901-2, \$2,000,000 of an authorized issue of \$3,000,000 5% (non-voting) cumulative preferred stock was sold at par to stockholders, the proceeds to be invested during 1902-3 in equipment. In May, 1908, stockholders subscribed at par, to \$453,400 additional preferred stock. Dividends are paid on this stock quarterly, beginning March.

A first dividend of 2% was paid on the common stock December 1, 1903, out of net earnings accumulated prior to June, 1903. On September 1, 1904, 2% was paid. In June, 1905, 3% was paid, and in December, 1905, 2% was paid; in June 1906, 3% was paid and in December, 1906, 2½% was paid. In 1907, 1908 and 1909, 5% per annum was paid in semi-annual installments, June and December.

This company operates, under lease, the Cincinnati Southern Ry., owned by the City of Cincinnati. In 1901, the lease was renewed for sixty years. The rental paid in 1901-2 was \$1,217,269, in 1902-3, \$1,099,647, in 1903-4 \$1,166,931, in 1904-5, \$1,170,700, in 1905-6, \$1,207,000, in 1906-7, \$1,233,925, in 1907-8, \$1,233,850, and in 1908-9, \$1,232,650. At the regular election of November 5, 1901, the voters of the City of Cincinnati approved contracts for the extension of the former lease, these contracts providing:

1. For the renewal of the lease for a period of sixty years from the termination of the "existing" lease, October 12, 1906.
2. For the issuance of city bonds to the extent of \$2,500,000, the proceeds to be used for terminals and improvements; the railway company to pay as additional rental interest on these bonds, and in addition 1% per annum to be used as a sinking fund.

3. For a rental after the expiration of the then present lease of \$1,050,000 per annum for twenty years, \$1,100,000 per annum for twenty years and \$1,200,000 for the last twenty years.

4. For the issuance by the company of at least \$2,000,000 additional stock, the proceeds to be invested in property to be used in the operation of the road and to be pledged under the mortgage to secure the rental.

The result of these and other provisions of the company's contracts with the city is that the average annual rental to be paid to October 12, 1923, is \$1,100,307, plus the interest, and a sinking fund of 1% on all bonds issued up to \$2,500,000 as above.

In July, 1909, \$500,000 Terminal Bonds were sold, completing the issue of \$2,500,000 authorized. The interest and sinking-fund requirements on these bonds, under the lease, amount to \$112,500 per annum.

On April 1, 1906, \$1,500,000 5% Gold Notes were issued, to be retired in ten semi-annual payments to April 1, 1911. \$450,000 of these Notes were outstanding on January 1, 1910.

In September, 1907, \$500,000 3-year 6% Notes were sold, payable in six semi-annual installments. On June 30, 1909, \$252,000 of these Notes were outstanding.

The credit of Reserves for Renewals of and Improvements to Property and to Reserves for Depreciation and Renewal of Equipment was, on June 30, 1909, \$445,185 and \$1,257,978 respectively.

The report for 1904-5 stated that the cost of necessary renewals of bridges on the entire line at the then prices would aggregate about \$3,000,000. As improvements of this character under the terms of the lease revert to the City of Cincinnati, they cannot be capitalized in the account of the Lessee, and are therefore borne by the expense accounts. In 1906-7, there was charged to Expenses for permanent improvements the sum of \$359,837.

From the surplus of 1908-9, \$678,475 was appropriated for new and additional tracks, etc., against similar appropriations of \$340,000 in 1907-8, \$115,000 in 1906-7, \$440,826 in 1905-6, \$145,990 in 1904-5, and \$80,225 in 1903-4.

Maintenance Expenses were in 1906-7 about 128% larger than in 1898-9, and in 1908-9 were about 72% larger than in 1898-9, as shown below:

Year	1908-9	1906-7	1898-9
Average Mileage.....	335	336	336
Maintenance of W....	\$2,381 per mile.	\$3,892 per mile.	\$1,979 per mile.
Maintenance of E....	4,480 "	5,214 "	2,006 "

In 1893-4 Maintenance of Way expenses averaged \$1,144 per mile.

On June 30, 1909, about two-thirds of the main line was laid with 85-pound steel rails, and the balance with 75-pound steel.

In 1902-3 all the stock (\$600,000) of the Harriman & Northeastern R. R. (20 miles) was acquired. That property is operated separately.

A controlling interest in the stock of the Cincinnati, New Orleans & Texas Pacific Ry. is held in the interest of the Southern Ry. and the Cincinnati, Hamilton & Dayton Ry.

GULF & SHIP ISLAND R. R.

Dividends were begun in April, 1903, when a quarterly dividend of 1% was paid. Dividends at the rate of 4% per annum were paid (quarterly beginning January), to and including July, 1908. In 1908-9 dividends of 3% on \$6,000,000 stock and 1% on \$6,250,000 stock were declared and charged to Profit & Loss. The total sum thus paid amounted to \$242,500.

In 1908-9, \$500,000 stock was sold at par. During the two years ending June 30, 1905, \$1,000,000 stock was sold at par.

The First Refunding & Terminal Mortgage 5% bonds are authorized to the aggregate of \$5,000,000.

Bonds have been issued as follows: \$2,750,000 in exchange for First & General Mortgage 5% bonds retired, and \$2,250,000 for rails, equipment, harbor and other improvements; total \$5,000,000. To June 30, 1909, \$277,000 bonds had been purchased for the sinking fund and deposited with the trustees of the First Refunding & Terminal Mortgage.

An issue of \$1,000,000 Mortgage 6% bonds of 1909-1911 were sold during 1907-8. These bonds were made payable as follows: \$250,000 each on April 1, 1909, and on April 1, 1910, and \$500,000 on April 1, 1911.

The Silver Creek branch from Mendenhall to Silver Creek, Miss., 29 miles, was completed in 1905. The line between Columbia and Silver Creek, 27 miles, was opened for operation on May 1, 1906. By the completion of the last named section a through route was established between Maxie and Mendenhall, Miss., 105 miles.

Main track on June 30, 1909 (307 miles), contained:

156 miles of 75-pound rail,
39 miles of 65-pound rail,
112 miles of 56 and 60-pound rail.

The balance sheet of June 30, 1909, showed a credit to a Reserve for Maintenance of Property, \$902,221. This represents the unexpended balance of reserve established through charges made to operating expenses during the eight years to June 30, 1909.

In 1908-9, Products of Forests, contributed 69.2% of the total tonnage, against 72.0% in 1907-8, 70.4% in 1906-7, and 82% in 1901-2.

LOUISIANA & ARKANSAS RY.

On March 15, 1906, an initial semi-annual dividend of $1\frac{1}{2}\%$ was paid on the capital stock. This rate of dividend is being maintained.

In 1903-4 the capital stock was increased by \$375,000, in 1904-5 by \$1,125,000, and in 1908-9 by \$750,000, making the total amount outstanding \$4,500,000.

The extension from Winfield, La., to Jena, La., 39 miles, was formally opened for traffic on January 1, 1905. On June 30, 1905, 187 miles were completed and in operation. On July 1, 1906, a newly constructed line from Packton, La., to Tioga, La., 30 miles, was opened for operation. From Tioga to this company's own terminals in Alexandria, a distance of 8 miles, the tracks of the St. Louis, Iron Mountain & Southern Ry. and the Texas & Pacific Ry. are used under contracts.

After the close of the fiscal year 1906-7, the Louisiana & Arkansas Ry. completed an extension from Tioga to Pineville, opposite Alexandria, about 5 miles. The company secured thereby a second entrance into Alexandria via the "Edenborn" bridge to the terminals of the Louisiana Ry. & Navigation Co. The line from Tioga to Pineville is not now operated by the Louisiana & Arkansas Ry.

The Rock Island Co. uses under contract the Louisiana & Arkansas Ry. tracks from Packton to Pineville, a distance of about 36 miles.

A branch line between Minden, La., and Shreveport, La., (28 miles) was completed in December, 1909. The company acquired in 1908-9 adequate terminal acreage in Shreveport.

The company contemplates building a line from Jena, La., to Natchez, Miss., a distance of 47 miles.

Of the total revenue tonnage moved in 1908-9, 88% consisted of logs and lumber. About 85% of all freight handled originated on the road of this company.

On June 30, 1909, Renewal Reserves Account for ties, rails, equipment, etc., showed a credit of \$480,663.

On June 30, 1909, main track operated contained:

156 miles of 75-pound rail, 67 miles of 60-pound rail.

On September 1, 1907, an annual sinking-fund of \$55,000 per annum became operative, same to be used by the trustee to purchase First Mortgage 5% bonds at 110 or less. Bonds so purchased are to be kept alive in sinking fund. The amount of the reserve set aside for the sinking fund (\$55,000) in 1908-9 was charged to Profit and Loss Account,

LOUISVILLE & NASHVILLE R. R.

Dividend rate, 7% per annum.

In the fiscal years 1900-1 to 1903-4, inclusive, dividends at the rate of 5% per annum were paid on the stock of this company, semi-annually in February and August.

The dividend rate was raised in December, 1904, to 6% per annum by the declaration of a semi-annual dividend of 3% payable February, 1905. In February, 1908, in addition to the regular semi-annual dividend of 3%, an extra dividend of 1% was paid in stock of the Louisville Property Co. In August, 1908, and in February, 1909, a semi-annual dividend of 2½% each was paid. In August, 1909, a dividend of 3% was paid, and in February, 1910, the semi-annual dividend rate was raised to 3½%.

The Louisville & Nashville R. R. owns \$7,177,600 (about 72%) of the capital stock of the Nashville, Chattanooga, & St. Louis Ry. and a majority of the stock of the Louisville, Henderson & St. Louis Ry., viz.: \$776,081 preferred and \$1,631,385 common stock. The latter road was purchased in 1904-5. The Georgia R. R. and dependencies (571 miles) is leased jointly by the Louisville & Nashville R. R. and Atlantic Coast Line R. R. See below as to Chicago, Indianapolis & Louisville Ry. On July 1, 1906, the Louisville & Nashville R. R. sold to the Tennessee Coal, Iron & R. R. Co. its one-half interest in the stocks of the Birmingham Southern R. R.

The above lines are operated under separate organizations.

The Louisville & Nashville R. R. owns the Paducah & Memphis Division (254 miles), which is leased to the Nashville, Chattanooga & St. Louis Ry. at 5% on cost of road.

The Louisville & Nashville R. R. and the Southern Ry. jointly, in 1902, purchased a majority of the capital stock of the Chicago, Indianapolis & Louisville Ry. (616 miles) and issued in exchange their joint 4% 50-year bonds. On June 30, 1909, there were outstanding of these joint bonds \$11,827,000, secured by \$3,873,400 preferred stock and \$9,796,900 common stock of that road. In addition to the stocks of the "Monon" deposited as security for the joint bonds, the Louisville & Nashville R. R. owned \$5,000 common stock, held in its treasury. See Chicago, Indianapolis & Louisville Ry.

The Atlantic Coast Line R. R. purchased in the latter part of 1902, \$30,600,000 of Louisville & Nashville R. R. stock. See Atlantic Coast Line R. R.

The Construction Account was closed in July, 1894; for thirteen fiscal years following, expenditures theretofore charged to that account were charged to operating expenses. Thus, charges to "Improvement Account" have been made annually as follows:

In the year	1894-5.....	\$279,584
" " "	1895-6.....	617,342
" " "	1896-7.....	546,571
" " "	1897-8.....	659,950
" " "	1898-9.....	517,785
" " "	1899-0.....	1,021,843
" " "	1900-1.....	1,474,503
" " "	1901-2.....	1,487,277
" " "	1902-3.....	2,000,204
" " "	1903-4.....	1,746,184
" " "	1904-5.....	2,562,314
" " "	1905-6.....	2,586,630
" " "	1906-7.....	2,065,529
Total.....		\$18,465,716

In 1907-8 and 1908-9, Additions and Betterments to the amount of \$1,600,468 and \$866,547, respectively, were made and charged to Income Account instead of to operating expenses.

On June 30, 1909, main track operated, except trackage rights, contained:

12 miles of 85-pound rail,	264 miles of 60 to 65-pound rail,
1,679 miles of 80-pound rail,	650 miles of 58½-pound rail,
1,384 miles of 70-pound rail,	110 miles of lighter weights.
74 miles of 68-pound rail,	

During the fiscal year 1905-6, the Louisville & Nashville R. R. sold \$14,500,000 of its treasury bonds as follows: \$10,000,000 Atlanta, Knoxville & Cincinnati Division 4% bonds and \$4,500,000 Unified 4% bonds. The proceeds from the sale of these bonds, \$14,335,100, were used to reimburse the treasury for construction expenditures. On June 30, 1900, the Louisville & Nashville R. R. held in its treasury, unpledged and unsold, \$11,607,000 of the Atlanta, Knoxville & Cincinnati Division 4% bonds, and \$3,004,000 Unified Mortgage 4% bonds. In the annual report for 1905-6, the president said: "The company has now under construction, or has completed during the year, additions and improvements authorized by the Board of Directors aggregating \$10,950,475, distributed as follows: for grade reductions and double track, \$7,592,739; for new railroads, extensions and branches, \$6,624,773; for new equipment undelivered June 30, 1906, \$2,472,733; for new terminal facilities, \$3,260,230, making total as above."

In February, 1907, the Louisville & Nashville R. R. issued \$6,500,000 3-year 5% Gold Notes, dated March 1, 1907. These Notes were disposed of at 95½ net, realizing in cash \$6,207,500. \$1,700,000 of these Notes were purchased and cancelled prior to June 30, 1909, and cash was held on special deposit to redeem the balance. See below.

On July 1, 1907, there remained unexpended appropriations for double track, grade reductions, new construction and new

equipment, \$5,989,803. During the year 1907-8, \$4,712,842 was expended, leaving unexpended on June 30, 1908, a balance of \$1,276,961. On June 30, 1909, the unexpended balance was \$1,049,072.

The Louisville & Nashville R. R. guarantees, principal and interest, the Consolidated Mortgage 5% bonds, due 1936, of the South & North Alabama R. R.; also guarantees annual dividends of 7½% on the stock of the Nashville & Decatur R. R.; also guarantees, principal and interest, the First Mortgage 4% bonds of the Louisville & Nashville Terminal Co., etc.

On June 30, 1909, the Current Assets, not including \$4,804,428 Advances to Subsidiary Cos., and \$3,697,634 Materials and Supplies, were \$20,607,076 and the Current Liabilities, including \$4,710,000 3-year Notes, were \$14,546,205.

In January, 1909, the Louisville & Nashville R. R. gave notice that on April 1, 1909, it would pay off the \$23,000,000 5-20 year Collateral Trust bonds. The following collateral which secured these bonds (aggregating at par \$29,864,000) were sold:

Louisville & Nashville R. R. Unified 4%.....	\$18,200,000
Paducah & Memphis Division 50-year 4%.....	4,619,000
Louisville & Nashville Terminal Co. 4%.....	2,500,000
South & North Alabama R. R. 5%.....	4,045,000
Pensacola & Atlantic R. R. 6%.....	500,000
	\$29,864,000

The above bonds were sold at an average price of 99 and interest netting the company \$29,565,360, which provided for the redemption of the Collateral Trust bonds and the payment of the \$6,500,000 3-year Notes due March 1, 1910.

In June, 1909, the Louisville & Nashville R. R. purchased the entire capital stock (\$1,000,000) and all the bonds and notes (\$1,550,000) of the Louisville & Atlantic R. R. (104 miles operated). This road will be operated separately for the present.

The Louisville & Nashville R. R., filed in December, 1909, at Beattyville, Ky., a mortgage for \$50,000,000 in favor of the United States Trust Co. of New York. The instrument covers the Louisville & Atlantic R. R., and the Atlantic, Knoxville & Cincinnati Division of the Louisville & Nashville R. R.

A comparison of equipment in service 1899-1900 with 1908-9 shows the following changes:

	1899-0.	1908-9.	Increase.
Locomotives	557	899	342
Passenger Cars.....	447	573	126
Freight Cars.....	23,402	41,720	18,318
Roadway Cars.....	525	1,421	896
Total Equipment.....	24,931	44,613	19,682

LOUISVILLE, HENDERSON & ST. LOUIS RY.

The preferred stock is entitled to 5% per annum.

In 1904-5 the Louisville & Nashville R. R. acquired a majority of the stock of this company. As of June 30, 1909, the Louisville & Nashville R. R. owned \$776,081 preferred and \$1,631,385 common stock.

\$300,000 of the company's bonds were reserved for the construction of a line to Louisville, Ky. This line was built in 1905, extending from Howard Station, about 18 miles from Louisville, to a connecting point on the Louisville & Nashville R. R. at Strawberry Station, near Louisville. The bonds reserved for this work were sold in 1905. The new road was ready for operation on January 1, 1906.

From the surplus earnings the following amounts have been appropriated for improvements:

Year 1900-1.....	\$42,766
Year 1901-2.....	37,941
Year 1902-3.....	43,371
Year 1903-4.....	119,252
Year 1904-5.....	78,989
Year 1905-6.....	42,563
Year 1906-7.....	*29,027
Year 1907-8.....	12,669
Year 1908-9.....	27,112

*In addition to the above mentioned sum, \$119,864 was appropriated from the surplus of 1906-7 for "Loss on account wreck of Salt River Bridge." Of the sum so appropriated, \$39,864 was expended to June 30, 1907, and \$80,000 was carried forward for completion of the work. The sum of \$50,000 was charged to Profit and Loss, June 30, 1908, as an appropriation for completion of the work. The total cost on account of this accident amounted to \$212,910, of which the cost of rebuilding the bridge was \$154,439 and \$58,471 was paid for rent for tracks for detouring trains during the period from November 22, 1906, to October 21, 1908. The new bridge was completed and ready for operation in October, 1908.

In August, 1909, an extension from Mitchell, Ky., on the Mitchell and Fordsville branch was completed to Hartford, Ky., 18 miles.

MOBILE & OHIO R. R.

In December, 1908, and in June, 1909, semi-annual dividends of 2½% each were paid. In 1907-8, 4% was paid on the stock of this company; in 1906-7 and in 1905-6, 5% per annum was paid. In 1904-5, 4% was paid. In 1903-4 and 1902-3, 2% each was paid. No dividend was paid in December, 1909.

In March, 1901, the Southern Ry. purchased a large majority of the General Mortgage 4% bonds and of the capital stock of this road, paying therefor respectively its Mobile & Ohio R. R. Collateral 4% 50-year bonds, and its Mobile & Ohio R. R. stock trust certificates, dollar for dollar. As of June 30, 1909, the Southern Ry. held \$8,107,000 of the \$9,472,000 general bonds and \$5,670,200 of the \$6,070,600 stock of the Mobile & Ohio R. R. In 1903-4 the Mobile & Ohio R. R. stock was increased by \$700,000, which was sold to the Southern Ry. for cash at par.

The stock trust certificates issued by the Southern Ry. received dividends as follows: 2% for the first year, 3% for the second year and 4% thereafter, such dividends being payable October 1 and April 1 in each year. On April 1, 1903, the first dividend at the rate of 4% was paid. The Mobile & Ohio R. R. is operated separately:

See Southern Ry. as to amount paid out in 1908-9 by that company on its certificates and amount received by it as dividend on its holdings of Mobile & Ohio R. R. stock. The Mobile & Ohio R. R. leases the St. Louis & Cairo R. R., 159 miles. The latter company's \$4,000,000 4% bonds are guaranteed as to interest by the Southern Ry.

In April, 1907, \$1,299,000 5% equipment notes, dated October 1, 1907, guaranteed by American Car & Foundry Co., were sold. These notes are payable in semi-annual installments, the last payment falling due on October 1, 1914. The total amount of Equipment Obligations outstanding June 30, 1909, was \$3,688,252. Obligations had been paid to that date to the amount of \$4,154,860.

In February, 1908, \$600,000 Three-Year 5% Notes were issued.

The following appropriations of an extraordinary nature for equipment, improvements, etc., have been made:

From surplus of	1806-7.....	\$204,450
"	" " 1807-8.....	180,697
"	" " 1808-9.....	271,748
"	" " 1899-0.....	314,970
"	" " 1900-1.....	389,416
"	" " 1901-2.....	417,510
"	" " 1902-3.....	334,650
"	" " 1903-4.....	451,800
"	" " 1904-5.....	581,233
"	" " 1905-6.....	716,128
"	" " 1906-7.....	612,654
"	" " 1907-8.....	150,696
"	" " 1908-9.....	19,446

On June 30, 1908, main track contained:

14 miles of 80-pound rail,	223 miles of 60-pound rail,
441 miles of 75-pound rail,	34 miles of 56-pound rail,
206 miles of 70-pound rail,	8 miles of 50 and 40-pound rail.

During the last eight fiscal years 542 miles of new steel rails have been put in the track, replacing rails of light weight. 21 miles of 85-pound rail were laid in 1908-9.

The total mileage operated on June 30, 1909, was 1,114 miles against 928 miles operated June 30, 1908. The increased mileage, all of which is operated under trackage rights, consists mainly of a line from near Corinth, Miss. to Birmingham, Ala. Of this trackage operated, 91 miles is owned by the Illinois Central R. R., 50 miles by the Northern Alabama Ry. (Southern Ry.) and 42 miles by the Southern Ry.

MOBILE, JACKSON & KANSAS CITY R. R.

The Mobile, Jackson & Kansas City R. R. was incorporated in 1899 and undertook through the consolidation of certain roads and through the construction of additional mileage, to form and operate a system of railroads from Mobile, Alabama, to Jackson, Tenn., the entire mileage with branches to be about 449 miles. To carry out this plan the company leased the Gulf & Chicago Ry. for 99 years from July 1, 1903. This line (including mileage constructed since the date of the lease), operates 203 miles of road. Under the terms of the lease the Mobile, Jackson & Kansas City R. R. guaranteed principal and interest an authorized issue of 5% bonds of the Gulf & Chicago Ry. These bonds were limited to \$20,000 per mile and \$3,981,000 were issued.

An issue of 5% bonds limited to \$4,000,000 was authorized by the Mobile, Jackson & Kansas City R. R. \$3,964,000 of these bonds were issued. The road was completed in 1905 from Mobile, Ala., to Middleton, Tenn., with branches, 402 miles, and no further mileage had been completed to November, 1909.

On December 26, 1906, Receivers were appointed for the Mobile, Jackson & Kansas City R. R. and the Gulf & Chicago Ry. These Receivers were afterwards discharged and the control and management of the companies were vested in a Voting Trust consisting of John E. Borne, Alexander McDonald and B. F. Yoakum.

A plan was announced under date of December 11, 1907, whereby the old company was to be sold under foreclosure and a new company formed, to be known as the New Orleans, Mobile & Chicago R. R. This Company proposed eventually to extend its lines to the Ohio River on the north and to New Orleans on the south, and to build necessary branch lines. This

plan was declared operative in June, 1908, although it was later modified. The modified plan called for the merging of the Mobile, Jackson & Kansas City R. R. and the Gulf & Chicago Ry. into the new company, the authorized capital of which consists of \$25,000,000 common stock limited to \$25,000 per mile of completed road, \$5,000,000 6% preferred stock, and an issue of \$30,000,000 First Mortgage 50-year 5% bonds, issuable at not exceeding \$30,000 per mile. The holders of the 5% bonds of the old companies receive cash for the January, 1908, unpaid coupon; also for the bonds themselves, the 5% bonds of the new company dollar for dollar and 10% in preferred stock; also preferred stock equal at par to the amount of the July, 1908, coupon on the old bonds and the coupons due January and July, 1909, and January, 1910, which are detached from the new bonds. The new bonds therefore, while dated 1908, receive no interest until July, 1910. Stockholders of the old companies receive share for share in stocks of new company upon payment of an assessment of 20% for which assessment they receive bonds at par together with 3% in cash on the bonds subscribed for and 20% in preferred stock.

A syndicate formed by the interests in control agreed to assume the floating debt of the old companies, aggregating \$1,534,262, accepting as security \$1,534,263 in new bonds and \$153,426 in preferred stock.

Under the plan mentioned above the New Orleans, Mobile & Chicago R. R. will have securities outstanding distributed as follows:

	Bonds (5%).	Preferred Stock.	Common Stock.
Authorized	\$30,000,000	\$5,000,000	\$25,000,000
In Hands of Public.....	9,595,663	959,566	8,073,800
In Treasury	2,494,337	1,055,434	2,001,200
Reserved	17,910,000	2,985,000	14,925,000

The old companies were sold under foreclosure on August 23, 1909.

NASHVILLE, CHATTANOOGA & ST. LOUIS RY.

On January 12, 1904, a semi-annual dividend of 2% was declared. Prior to the declaration of this dividend no dividends had been paid since 1898. Dividends at the rate of 4% were paid in February and August, 1904, and in February, 1905, a semi-annual dividend of 2½% was paid, raising the annual rate to 5%. The rate was raised again in 1907 by the payment, in February, of a semi-annual dividend of 3%, which rate was maintained until August, 1908, when the semi-annual rate was

reduced to 2½%. Similar payments were made in February, 1909, and in August, 1909. In February, 1910, a semi-annual dividend of 3% was paid.

On August 15, 1903, the floating debt, represented on June 30, 1903, by \$282,042 of notes, was paid. On June 30, 1899, the floating debt, including equipment notes, was \$1,567,830.

On June 30, 1909, the Louisville & Nashville R. R. owned \$5,501,500 stock of this road pledged under its United Mortgage and \$1,676,100 of the stock held as a free asset in its treasury; total \$7,177,600.

The following amounts have been included in operating expenses for additions to property and equipment, which prior to July, 1900, were charged to construction accounts:

Year 1900-1.....	\$229,214
Year 1901-2.....	465,184
Year 1902-3.....	1,127,068
Year 1903-4.....	1,102,200
Year 1904-5.....	817,735
Year 1905-6.....	1,289,421
Year 1906-7.....	1,527,158

During 1907-8 and 1908-9 there were charged to Income Account for Additions to Property, the sums of \$155,037 and \$33,115 respectively.

So far as the statements on the statistical page are concerned, the sums mentioned above, charged to income for additions, etc., are deemed to have been deducted from the surplus.

\$15,944,000, all of the bonds of this road, mature between July 1, 1913, and April 1, 1928. The bonds bear interest of from 5% to 7%. \$6,300,000 7% bonds mature in 1913, and \$7,608,000 Consolidated 5% bonds mature in 1928. At the annual meeting in September, 1905, the shareholders voted to reduce the interest on all future issues of Consols from 5 to 4%.

Jointly with the Louisville & Nashville R. R. this road guarantees \$2,500,000 Louisville & Nashville Terminal Co. bonds.

See Louisville & Nashville R. R. as to lease of the Paducah & Memphis Division.

On June 30, 1909, main track owned (839 miles) and leased (391 miles) contained:

378 miles of 80-pound rail,	232 miles of 58-pound rail,
170 miles of 68-pound rail,	280 miles of 56-pound rail,
32 miles of 60-pound rail,	137 miles of lighter weights.

The balance sheet of June 30, 1909, exhibited a strong financial condition, the amount of cash on hand being \$1,800,717. The credit balance to Profit and Loss on that date amounted to \$5,261,193.

NEW ORLEANS & NORTH EASTERN R. R.

The income bonds are entitled to interest each year up to 4½% if earned. The full 4½% is being paid.

On November 2, 1903, the stock of this road received its first (annual) dividend of 3% and on December 1, 1904, the second dividend of 3% was paid. On December 1, 1905, 3½% was paid. On December 1, 1906, 5% was paid. On September 3, 1907, 6% was paid. In September, 1908, 4% was paid. In September, 1909, 5% was paid.

See Alabama & Vicksburg Ry. as to the control of this company held through ownership of securities by the Alabama, New Orleans, Texas & Pacific Junction Rys. Co.

The main and second track is laid with 75-pound rails.

On November 1, 1915, \$1,320,000 6% bonds mature, and on January 1, 1911, \$100,000 6% bonds mature.

On June 30, 1909, the credit to Net Revenue Account (Profit & Loss) was \$717,137, represented wholly by current assets and material and supplies.

From the surplus of 1908-9 there was deducted for additions and betterments \$122,687 (against \$80,267 in 1907-8). Similar expenditures aggregating \$78,970 were provided from capital in 1908-9.

In 1908-9 lumber and logs contributed 36% of the total freight tonnage carried, against 34% in 1907-8 and against 42% each in 1906-7 and in 1905-6.

VICKSBURG, SHREVEPORT & PACIFIC RY.

The preferred stock has priority for dividends of 5% per annum, non-cumulative. The preferred received 5% per annum from 1902 to 1907 inclusive. The annual dividend, usually paid in August, was omitted in 1908. In October, 1909, the regular 5% was paid.

On November 30, 1903, the common stock of this road received its first (annual) dividend of 2½%. On November 30, 1904, an annual dividend of 3% was paid. On November 30, 1905, 2% was paid. No dividends have been paid on the common stock for the last four years.

See Alabama & Vicksburg Ry. as to the control of this company held through ownership of securities by the Alabama, New Orleans, Texas & Pacific Junction Rys. Co.

As of June 30, 1909, main track contained:

116 miles of 75-pound steel, 56 miles of 60-pound steel.

This company owns the line of railroad from Shreveport to the boundary line between Louisiana and Texas, at Wascom, 17 miles, which is leased until 1925, to the Missouri, Kansas & Texas Ry. Co. of Texas.

The credit to Net Revenue Account (Profit & Loss) on June 30, 1909, was \$315,168 represented wholly by current assets and material and supplies.

On November 1, 1915, \$1,323,000 6% bonds mature.

During 1908-9, there was charged to Income Account \$35,969 (against \$61,590 in 1907-8) account of Additions and Betterments. Similar expenditures to the amount of \$2,287 were provided from capital.

In 1908-9 lumber and logs contributed 36.9% of the total freight tonnage carried against 36.6% in 1907-8 and 34.3% in 1906-7.

WESTERN RY. OF ALABAMA.

During the years 1900 to 1906 inclusive, 4% each was paid annually on the \$3,000,000 capital stock, one-half of which is owned in the interest of the Georgia R. R. and Banking Co. (leased to the Louisville & Nashville R. R. and Atlantic Coast Line R. R.), and one-half of which is owned by the Central of Georgia Ry. In 1907, 1908 and 1909 the annual dividend rate was 5%.

The following amounts have been deducted from surplus earnings for improvements and for Reserve for Improvements:

Year 1900-1.....	\$134,713
Year 1901-2.....	88,087
Year 1902-3.....	164,455
Year 1903-4.....	135,000
Year 1904-5.....	190,000
Year 1905-6.....	215,000
Year 1906-7.....	150,000

No special deduction was made in 1907-8 and in 1908-9. Operating expenses for 1907-8 included charges for depreciation on Maintenance of Way, \$65,004; Maintenance of Equipment, \$41,148; total, \$106,152.

There were charged to maintenance expenses in 1906-7, extraordinary expenditures to the amount of \$41,111, against \$118,865 in 1905-6 and \$112,153 in 1904-5.

On June 30, 1909, the company carried after all charges, a balance of \$108,059 to credit of Profit and Loss and a reserve of \$354,236 for contemplated improvements, also \$27,850 for Maintenance of Way replacements, \$38,350 for Maintenance of Equipment replacements and \$10,190 Reserve for Insurance.

Main track contained on June 30, 1909:

85 miles of 80-pound steel,
37 miles of 70-pound steel,
7 miles of 60½-pound steel.

The officers in charge of the management of the Western Ry. of Alabama and the Atlanta & West Point R. R. are the same.

YAZOO & MISSISSIPPI VALLEY R. R.

All the stock and all the bonds, excepting \$3,847,000 Gold Improvement 4% bonds, and \$96,000 Land Grant income bonds, are owned by the Illinois Central R. R.

All the surplus of 1901-2 and all the surplus of 1900-1, excepting \$30,000 credited to a Pension Fund, was paid to the Illinois Central R. R. on September 1, 1902, and September 1, 1901, respectively, on account of arrears of interest due on the \$9,104,000 second cumulative income 5% bonds owned by that company. On September 1, 1903, \$277,712 interest was paid on these bonds. No interest has since been paid, and the arrears of interest due and unpaid on these bonds amounted on June 30, 1909, to \$9,070,533.

The sum of \$935,682 was charged to the Insurance Fund in 1904-5 account of losses by fire at New Orleans on February 26, 1905. The balance to the credit of Insurance Fund on June 30, 1909, was \$122,324.

On June 30, 1909, the average weight of rail in main track was 69.22 pounds per yard, and the average age of rail in main track was 13.28 years.

This company in 1907-8, sold to the Illinois Central R. R. property valued at \$5,122,275, for which Gold Improvement 4% bonds of the Yazoo & Mississippi Valley R. R. were accepted in payment. This consisted of terminal property and real estate at New Orleans and at Memphis. The bonds accepted in settlement of this sale were cancelled.

The balance to debit of Profit and Loss on June 30, 1909, was \$55,581. The balance sheet of that date showed a large floating debt.

The Yazoo & Mississippi Valley R. R. is operated separately.

ATCHISON, TOPEKA & SANTA FE RY.

The preferred stock is entitled to and is limited to non-cumulative dividends of 5% per annum. Dividends on the preferred stock have been paid semi-annually in February and August. The common stock received 6% in 1907, payable semi-annually in June and December, the rate having been raised from 4% to 5% in December, 1906, and to 6% in June, 1907. In June, 1908, dividend rate was reduced to a 5% basis, but in December, 1909, the rate was again increased to 6% per annum. It was stated that at that time the dividends on both classes of stock would hereafter be paid quarterly instead of semi-annually.

On June 30, 1909, the Oregon Short Line R. R. (Union Pacific System) owned \$10,000,000 preferred stock of this company, but after the close of the fiscal year this stock was sold.

The following amounts have been appropriated from surplus earnings or charged to Profit & Loss for improvements written off, for discount on bonds sold, improvements, etc.:

Year 1900-1.....	\$1,000,000
Year 1901-2.....	2,500,000
Year 1902-3.....	3,000,000
Year 1903-4.....	3,000,000
Year 1904-5.....	1,083,311
Year 1905-6.....	4,500,000
Year 1906-7.....	9,600,000
Year 1907-8.....	1,933,848
Year 1908-9.....	11,029,389

Appropriations are made yearly for the Fuel Reserve Fund. The balance to the credit of that fund on June 30, 1909, was \$313,677.

The following amounts were received in cash as the net proceeds of sales of land, but these amounts were directly written off the book value of Railroads, Franchises and Other Property, and the transactions did not appear in the Income Accounts:

Year 1902-3.....	\$579,682
Year 1903-4.....	570,400
Year 1904-5.....	681,306
Year 1905-6.....	366,760
Year 1906-7.....	200,000
Year 1907-8.....	145,616
Year 1908-9.....	216,384

In January, 1902, \$30,000,000 4% Serial Debentures were issued, dated February 1, 1902, the proceeds to be used for construction, improvements, for equipment and for the acquisition of bonds and stocks of other railway companies. These Debentures were divided into twelve series of \$2,500,000 each, of which one series was to be retired annually, beginning with February 1, 1903. The series due February 1, 1909, was duly paid, but the payment does not appear in the Income Account as it was considered a cash transaction.

The Atchison, Topeka & Santa Fe Ry. controlled, June 30, 1909, through ownership of all or a large majority of their securities, the following lines operated separately: the Arizona & California Ry., the Grand Canyon Ry., the Texas & Gulf Ry., and the Beaumont Wharf & Terminal Co., these aggregating 250 miles (excluding lines under construction, of which 28 miles were completed to June 30, 1909). The increase during 1908-9 in the operated mileage was 362 miles. Also the company was interested jointly with other companies in 558 miles additional, including the Kansas Southwestern Ry. (59 miles), the Leavenworth & Topeka Ry. (45 miles), the

Sunset R. R. (33 miles), the Sunset Western Ry. (15 miles), and the Northwestern Pacific R. R. (406 miles).

The large increase in the mileage operated in 1906-7, was due to the fact that the operations of the Eastern Ry. of New Mexico, the Pecos & Northern Texas Ry., the Pecos River R. R., the Santa Fe. Prescott & Phoenix Ry. and the Southern Kansas Ry. of Texas (all previously owned) were included in the System earnings.

In the report for 1903-4, the president called attention to the necessity for raising additional capital for the construction of additional branches, in order to furnish additional transportation facilities to the growing territory through which the System extends and in order to increase the earnings of the System and strengthen its position. Second tracks and additional equipment were made necessary by the dense traffic. To provide for these purposes the stockholders in January, 1905, authorized an issue of \$50,000,000 4% bonds due June 1, 1955, convertible into common stock. The first issue of these bonds, \$32,420,000, was offered in 1904-5 pro rata for subscription to the stockholders at par. In 1905-6 stockholders were given the privilege of subscribing at par for additional bonds of this issue to the extent of 8% of their holdings of stock. Under this privilege about \$16,300,000 bonds were sold. These bonds are convertible into common stock at par between June 1, 1906 and June 1, 1918. No new mortgage on lines owned January 1, 1905, shall be made without securing thereunder the convertible bonds of this issue.

Again, in the annual report for 1905-6, the president emphasized the necessity of providing new capital, owing to the growth of the business of the company and the pressing need for additional equipment, tracks, terminal facilities, etc. In May, 1907, the stockholders were given the privilege of subscribing at par to \$26,056,000 new 10-year 5% convertible bonds (of an authorized issue of \$30,000,000). These bonds are convertible into common stock at par until June 1, 1913. No new mortgage on lines owned January 1, 1907, shall be made without securing thereunder the convertible bonds of this issue.

All issues of convertible bonds may be called at 110 on any interest day, but when called may be converted into stock provided the time for conversion has not expired. Of the convertible 4% bonds, \$47,714,000 were outstanding January 1, 1909, and of the convertible 5% bonds, \$26,056,000 were outstanding on that date. To June 30, 1909, \$18,603,000 convertible bonds had been exchanged for common stock and large additional blocks of bonds have since been converted.

In addition to \$30,036,505 cash in the treasury at the close of the year 1908-9 it was evident that further large sums would be

required for the extensions and improvements contemplated in the near future; therefore the directors voted on June 2, 1909, to offer to stockholders the right to subscribe to 4% convertible gold bonds, issue of 1909, at 104 and interest, to the amount of 12% of their holdings. Not only did practically all the stockholders exercise their right, but many outstanding convertible bonds were exchanged for stock for the purpose of acquiring subscription rights. These exchanges of bonds have changed the complexion of the capital obligations by extinguishing a large amount of the convertible bonds theretofore outstanding and correspondingly increasing the outstanding common stock.

The convertible bonds of the new issue subscribed for amounted to \$28,258,000. The terms of the offer provided that payment be made in full or in four semi-annual installments, the final payment to be made between February 7 and 9, 1911.

The management of the Atchison, Topeka & Santa Fe Ry. has under construction a line of railway from Texico, on the Eastern Ry. of New Mexico (see below), to a connection with the San Angelo Branch at Coleman, a point near Brownwood, Texas, with branches, a total of about 500 miles. This line when completed will furnish railway transportation to a large undeveloped territory, and in connection with the other lines of the System, will create the shortest line between San Francisco and Galveston.

In August, 1907, the construction work on the Eastern Ry. of New Mexico (250 miles), and the cut-off from Belen to Rio Puerco, (19 miles), was completed. This line extends from Texico, New Mexico, to Belen, New Mexico, and thence to Rio Puerco, New Mexico, and completes a thorough route somewhat shorter than the route via Trinidad. It avoids the two mountain ranges between Trinidad and Albuquerque, and is less exposed to interruption by freshets. The entire transcontinental freight business of the company has been transferred to the new low grade line thus created, via Wellington (Kansas), Texico, Belen and Rio Puerco.

In July, 1908, there were sold \$17,000,000 of an authorized issue of \$30,000,000 Transcontinental Short Line 4% bonds due July 1, 1958. The issuance of additional bonds is limited to \$25,000 per mile of main track road. These bonds are secured by a first mortgage on the railways of the Eastern Ry. Co. of New Mexico, comprising at present 489 miles of road, and all the bonds and nearly all the capital stock of the Pecos & Northern Texas Ry. Co. and of the Pecos River R. R. Co., which own 207 miles of road. While these bonds are the direct obligations of the Atchison, Topeka & Santa Fe Ry. the Eastern Ry. Co. of New Mexico has obligated itself to pay the principal and interest of the bonds,

The construction of the line from Texico to Coleman near Brownwood, Tex., will give the Eastern Ry. of New Mexico considerable additional importance.

In the report for 1906-7 the president referred to the apparent loss of confidence of investors in the stability and security of railroad investments. He said that this loss of confidence has been caused, in great measure, by the unfriendly attitude of a large part of the public towards the railway companies, and by the arbitrary action of Legislatures and Railway Commissions in reducing rates and imposing burdensome restrictions often without investigation or consideration of the consequences.

The following extract is taken from the president's remarks in the report for 1906-7:

"Few companies in the United States have been more prosperous than your Company. Yet even during the year ending June 30, 1907, which was the most prosperous year in its history, net earnings averaged but 6.5% on the entire capitalization, which is believed to be not in excess of the cost of reproducing your Company's properties at the present time. Interest and dividend payments for the year averaged less than 4.6% on your Company's bonds and stocks. For the last ten years the average net earnings were but 4.82% on the entire capitalization and the average interest and dividend payments were but 3.71% on the bonds and stocks. Even these results could be obtained only through the expenditure of enormous sums for the construction of extensions and for improvements and additional equipment. During the last ten years the sums so expended by your company for improvements and additional equipment and for new construction, without counting further large sums expended in purchasing previously constructed branches and extensions, amounted to more than \$110,000,000, while the aggregate sums paid to the holders of the preferred and common stock amounted to less than \$75,000,000."

The following statement shows the development of the freight and passenger earnings of the System since July 1, 1897, and the increase per mile of the gross earnings from operations:

	Year 1908-9	Year 1896-7	Increase
Freight Earnings	\$64,212,638	\$22,067,687	\$42,144,951
Passenger Earnings	22,734,505	5,574,288	17,160,217
Total Gross per mile.....	\$9,624	\$4,752	\$4,872

Main track on June 30, 1909, contained:

5 miles of 101-pound rail,	56 miles of 71-pound rail,
2,953 miles of 85-pound rail,	1,005 miles of 65 to 70-pound rail,
28 miles of 76-pound rail,	2,278 miles of 60 to 65-pound rail,
1,543 miles of 75-pound rail,	1,842 miles lighter weights,

Neither the Atchison, Topeka & Santa Fe Ry. nor any of its auxiliaries had any notes or bills outstanding on June 30, 1909.

COLORADO & SOUTHERN RY.

In December, 1908, the Chicago, Burlington & Quincy R. R. acquired a controlling interest in this company, by the purchase of \$23,657,500 common stock.

The first and second preferred stocks are entitled to non-cumulative dividends of 4% in order of priority as mentioned. Dividends on the first preferred were paid in April and October as follows: October, 1901, 1½%; April, 1902, 1½%; October, 1902, 2%; in 1903, 4% and in April, 1904, 2%. In October, 1904, dividend was passed but was resumed in April, 1906, when a semi-annual dividend of 2% was paid. In 1907, 1908 and 1909 4% each was paid on both classes of preferred stock. On December 15, 1908, an initial dividend of 2% was paid on the common stock. In December, 1909, a second dividend of 2% was paid.

For several years the Colorado & Southern Ry. owned a large majority of the capital stock of the Fort Worth & Denver City Ry., 454 miles. In the year 1905-6 practically all of the minority stock of that company, as well as all of the stock of several other railway companies, was acquired, so that in the exhibits submitted for 1905-6, in the annual report of the Colorado & Southern Ry., the operations of the Colorado & Southern Ry., the Fort Worth & Denver City Ry. and the Colorado Springs & Cripple Creek District Ry., were combined and designated as the Colorado & Southern Ry. System. The combined figures for the system appear on the statistical page in this book.

On June 15, 1905, a new mortgage was approved at a special meeting of stockholders. The new bonds are called the Refunding and Extension 4½% bonds, and mature May 1, 1935. The total issue is limited to \$100,000,000, as follows:

For refunding bonds and equipment obligations of the System, including controlled lines.....	\$36,850,000
For betterments and improvements, including equipment, at the cumulative yearly rate, beginning January 1, 1905, of \$500 per mile of operated and controlled lines	15,000,000
For reimbursement of the treasury of the company, etc.	2,500,000
For acquisition of additional property (including proper provision for the cost of double tracking parts of the existing main lines of the System).....	45,650,000
Total.....	\$100,000,000

In 1905 a syndicate arranged for the purchase of about \$17,000,000 bonds of this issue. A circular, dated May 12, 1905, and signed by the president of the company, referring to the then proposed sale of bonds of the new issue, says that with the proceeds of the \$17,000,000 bonds sold "provision will be made for taking up various equipment obligations of the System, the monthly and quarterly payments on which now aggregate about \$400,000 per annum; for additional acquisitions in Colorado, and for additions and extensions in Texas with the ultimate purpose of giving the System direct connection with tide-water at Galveston." To June 30, 1909, bonds, under this mortgage, to the amount of \$26,405,752 had been issued, of which \$2,506,852 were held in the treasury on that date.

Following the purposes declared by the company at the time when the Refunding and Extension bonds were authorized, large purchases of securities of other companies were made in the year 1905-6 and considerable construction work was begun in that year. To give a clear idea of the expansion of the system during the year 1905-6, the following extract is submitted from the remarks of the president in the annual report for that year:

"This report for the fiscal year ended June 30, 1906, records an important advance in several respects in the position of your company, including the maturing of plans long contemplated for reaching tide-water at Galveston, Texas. This is to be accomplished by:

	Miles.
Trinity & Brazos Valley Ry., extending from Cleburne, Texas, to Mexia, Texas, securities of which were acquired during the year (operated separately)...	79
Extension of that road now in progress and expected to be completed by November, 1906, from Mexia, Texas, to Belt Junction, near Houston, Texas....	157
Trackage rights for same road over Gulf, Colorado & Santa Fe Ry.:	
Fort Worth, Texas, to Cleburne, Texas.....	28
Houston, Texas, to Galveston, Texas.....	53

317

One-quarter interest in Houston Belt & Terminal Ry., in process of construction.

"Not only is this move important on account of providing the shortest through line between the Rocky Mountain section and tide-water, but also on account of the significant fact in this connection that Galveston is almost exactly as far east as Kansas City, Mo., and exports through Galveston already rank next in value to those through New York. In addition to the above, Trinity & Brazos Valley Ry. is constructing a line from Teague, Texas, 14 miles southeast of Mexia, in a northerly direction to

Waxahachie, a distance of 67 miles, which it is expected will be completed by January, 1907, and by trackage contract over the Missouri, Kansas & Texas Ry. from Waxahachie to Dallas, Texas, a distance of 31 miles, it will have the shortest line between Dallas and Galveston, as well as the shortest line between Fort Worth and Galveston. The mileage mentioned in this paragraph will aggregate 415 miles. (Note: The mileage referred to in this paragraph as under construction was completed in 1907. On June 30, 1909, operated mileage of the Trinity & Brazos Valley Ry. was 455 miles. This railroad is operated separately. In 1908-9 its gross earnings were \$1,943,332 and a deficit of \$902,024 was reported, against a deficit of \$1,179,324 in 1907-8. Ed.)

"Your company also acquired during the year capital stock of:

	Miles.
The Colorado Springs & Cripple Creek District Ry.....	75
The Ft. Collins (Colorado) Development Ry.....	16
	*91

(*Note: These lines were operated in System in 1906-7, 1907-8 and 1908-9) and has contracted to purchase on favorable terms as to price and method of payment, which has been provided for, securities of the following completed roads:

	Miles.
The Wichita Falls & Oklahoma Ry., extending from Red River to Wichita Falls, Texas	23
The Wichita Valley Ry., extending from Wichita Falls to Seymour, Texas	52
and has also agreed to acquire, on a satisfactory basis, securities of the following roads under construction:	
Wichita Valley R. R. from Seymour, Texas to Stamford, Texas	61
Abilene & Northern Ry. from Stamford, Texas, to Abilene, Texas	38
	*174

(*Note: the four last above mentioned lines, comprising 174 miles, were taken over, on December 31, 1906, and the results of their operations were included from January 1, 1907, in the System earnings. Ed.)

"Your company and its auxiliary lines will thus soon operate trains on approximately 2,250 miles of road, and besides this, owns one-half interest in the Colorado Midland Ry., which operates 338 miles.

"The results derived from acquisitions made during the last fiscal year have been more satisfactory even than expected, and future results on the lines above referred to, as being now

under construction, are looked forward to with great confidence."

In behalf of the Trinity & Brazos Valley Ry., close business relations with the "Rock Island" lines have been assured by contract with the Rock Island Co., that company having taken a half interest, subject to pledge under the Refunding and Extension Mortgage, in the securities of the Trinity & Brazos Valley Ry. acquired by the Colorado & Southern Ry. The Rock Island Co. assumed one-half the requirements for interest, etc., on account of the Trinity & Brazos Valley Ry. as they accrue, and contracted to pay on May 1, 1935 (the date of maturity of the Refunding and Extension Mortgage), for an unencumbered half interest in the Trinity & Brazos Valley Ry. securities, or to join in refinancing the same.

On June 30, 1909, the Colorado & Southern Ry. owned \$8,760,000 First Mortgage bonds of the Trinity & Brazos Valley Ry. Co., also \$1,443,956 certificates of indebtedness of that company. The bonds were pledged under the Refunding and Extension Mortgage.

The one-half interest in the Colorado Midland Ry., referred to above (one-half of \$4,954,800 preferred and one-half of \$3,420,200 common stock) has been owned by the Colorado & Southern Ry. for several years. The Denver & Rio Grande R. R. also owns a one-half interest in the Colorado Midland Ry.

Of the mileage operated on June 30, 1909, 390 miles in Colorado were narrow gauge.

An extension of the Wichita Valley R. R., known as the Stamford & Northwestern Ry., to comprise in all 83 miles, was under construction in 1908-9 and was practically completed in October, 1909. The balance sheet of the Colorado & Southern Ry. showed advances for construction, etc., to this line to June 30, 1909, \$939,536.

CRIPPLE CREEK CENTRAL RY.

The preferred stock is limited to dividends at the rate of 4% per annum.

Since July 1, 1905, the following dividends have been paid:

July 20, 1905, 3% on preferred stock for nine months ending June 30;

October 25, 1905, 1% on preferred stock for quarter ending September 30; 3% on common stock for year ending September 30;

January 17, 1906, 1% on preferred stock for quarter ending December 31; 1% with 1½% extra on common stock for same period;

April 20, 1906, 1% on preferred stock for quarter ending March 31; 1½% with ½% extra on common stock for the same period.

Beginning July 20, 1906, to and including the October, 1907, dividend, 1% was paid on the preferred stock and 1½% on the common stock, each quarterly. In January, 1908, the dividend on both classes of stock was passed, most of the cash assets having been on deposit with Kessler & Co. at the time of their assignment.

On September 1, 1908, 3%, representing dividends for 9 months ending June 30, 1908, was paid on the preferred stock. Beginning December 1, 1908, quarterly dividends of 1% have been regularly paid on the preferred stock. Dividends on the common stock had not been resumed to January 1, 1910.

The balance sheet of June 30, 1909, showed \$125,641 cash deposited with Kessler & Co., "of doubtful value."

The Cripple Creek Central Ry. was incorporated under the laws of Maine, on September 30, 1904, as a reorganization of the Denver & Southwestern Ry. foreclosed October 4, 1904. This is a holding company, not an operating company. The company owns all the capital stock of the following companies:

- The Florence & Cripple Creek R. R. Co.
- The Midland Terminal Ry. Co.
- The Canon City & Cripple Creek R. R. Co.
- The Golden Circle R. R. Co.
- The Colorado Trading & Transfer Co.

The Cripple Creek Central Ry. formerly owned the entire stock and bonds of the La Bella Mill, Water & Power Co. These holdings were disposed of in 1906-7.

Neither the Cripple Creek Central Ry. Co. nor any of the underlying companies have any outstanding bonds or other obligations, except the Midland Terminal R. R. Co., which had outstanding on June 30, 1909, \$395,000 First Mortgage 5% bonds.

In May, 1906, a syndicate represented by Kessler & Co. acquired a majority of the stock of the Cripple Creek Central Ry. Co., and offered to take an option at \$70 per share, expiring September 30, 1906, on stock deposited up to May 25, 1906.

DENVER & RIO GRANDE R. R.

The preferred stock is entitled to non-cumulative dividends of 5% per annum, after which the common stock is entitled to 5% per annum. Both classes of stock share alike in all further dividends, after 5% has been paid on each. No dividend has ever been paid on the common stock. The full dividend on the preferred has been paid since 1900, to and including the semi-annual payment of 2½% in January, 1910.

From the surplus earnings of recent years there have been

appropriated for equipment, additions and improvements, and for Reserve Funds, the following amounts:

	For Betterments, etc.	For Reserve Funds.
1902-3	\$417,547	\$120,000
1903-4		120,000
1904-5	283,915	120,000
1905-6	1,150,000	120,000
1906-7	1,525,000	120,000
1907-8	231,393	120,000
1908-9	361,244	120,000

The majority, or \$3,579,737, of the capital stock of the Rio Grande Southern R. R. is owned by the Denver & Rio Grande R. R. That road is operated separately. The Denver & Rio Grande R. R. guarantees \$2,277,000 (about half) of the 4% bonds of the Rio Grande Southern R. R. On June 30, 1909, \$1,677,000 Rio Grande Southern R. R. bonds were held in the Denver & Rio Grande R. R. treasury. Also guarantees, jointly with the Colorado Midland Ry., \$2,000,000 5% bonds of the Rio Grande Junction Ry., leased.

As of June 30, 1909, the Missouri Pacific Ry. owned \$7,300,000 preferred and \$14,800,000 common stock of the Denver & Rio Grande R. R. This stock was purchased in 1901.

During the year 1901-2 the preferred stock was increased from \$23,650,000 to \$44,400,000. Of this new stock \$12,500,000 was sold to stockholders at \$90 per share, and the proceeds used to acquire the entire common stock of the Rio Grande Western Ry. The balance, \$8,250,000 new preferred, was issued in exchange for substantially all of the \$7,500,000 preferred 5% stock of the Rio Grande Western Ry. on the basis of 10 shares of the latter for 11 shares of the former. The preferred stock having been increased to \$50,000,000 authorized, \$1,200,000 was issued in 1904-5, \$112,700 in 1905-6, \$48,700 in 1906-7 and \$18,400 in 1908-9.

The Rio Grande Western Ry. (since consolidated, see below) owned \$10,000,000 stock of the Utah Fuel Co., which stock, on June 30, 1909, was valued on the books of the company at \$6,000,000. No dividends were paid by the Utah Fuel Co. in 1908-9. The Denver & Rio Grande R. R. owns one-half of the preferred and common stock of the Colorado Midland Ry. (See Colorado & Southern Ry.)

In eleven years to June 30, 1907, \$12,155,188 was expended on the property of the Denver & Rio Grande R. R., nearly all from income, and without incurring any additional fixed charges. During this period the gross earnings increased about 114% and net earnings nearly 100%; the fixed charges increased about 33%; narrow gauge mileage was reduced 200 miles by standard gauging; the standard gauge lines were increased about 575

miles, and the mileage of the System, main line and branches, increased about 375 miles.

During the eleven years mentioned, there was a total increase of \$41,792,300 in capitalization, viz.: \$22,111,400 in Denver & Rio Grande R. R. preferred stock, of which \$20,750,000 was issued in 1901 to acquire \$17,500,000 capital stock of the Rio Grande Western Ry.; and \$19,680,900 in bonds of the D. & R. G. R. R. and R. G. W. Ry., of which \$6,000,000 bonds of the Rio Grande Western Ry. were issued to acquire the \$10,000,000 capital stock of the Utah Fuel Co.

The stockholders voted on July 23, 1908, to merge the Denver & Rio Grande R. R. and the Rio Grande Western Ry., and on September 10, 1908, authorized a First and Refunding Mortgage covering the consolidated properties to secure an issue of \$150,000,000 5% bonds. \$90,000,000 are reserved to retire underlying issues and the balance for various purposes. In November, 1908, \$17,500,000 of these bonds were sold and the bankers purchasing the same received an option on \$11,000,000 additional, of which \$5,000,000 were taken February, 1909, making total amount outstanding on June 30, 1909, \$22,506,000. In September, 1909, \$5,000,000 additional 5's were sold, so that on December 31, 1909, the total amount of these bonds in the hands of the public was about \$27,500,000. Interest on these bonds is payable February and August, and the date of maturity is August 1, 1955. The bonds under the mortgage, in addition to being a lien on the merged properties, are secured by two-thirds (\$50,000,000) of the stock of the Western Pacific Ry. and all the outstanding (\$23,230,000 to January 1, 1910) Second Mortgage 5% bonds of that company. Of the new bonds, \$23,000,000 were available under the terms of the mortgage, to enable the consolidated company to fulfill the agreement (referred to below) of the Rio Grande Western Ry. with the Western Pacific Ry. for the purchase of so many Western Pacific Ry. 5% Second Mortgage bonds at 75% and interest as should be necessary to complete, and provide stipulated equipment for, the main line of the Western Pacific Ry.

On June 30, 1909, the Denver & Rio Grande R. R. owned stocks and bonds of a par value of \$98,569,949, carried on the books at a value of \$32,319,210. Of these, a total of \$78,501,150 par value, with a book value of \$22,851,131, are deposited as collateral for certain issues of mortgage bonds.

Of the mileage operated June 30, 1909, 787 miles were narrow gauge.

On June 30, 1909, Current Assets [including \$1,206,381, materials and supplies, \$4,250,000 proceeds of First and Refunding Mortgage 5% bonds in hands of Trustees, and \$1,619,367 (at book value) bonds of other companies in treasury], were \$13,512,924, and Current Liabilities were \$5,125,632.

WESTERN PACIFIC RY.

In 1904-5 the Denver & Rio Grande R. R. assisted in organizing the Western Pacific Ry. Co. for the purpose of building a main line of railway from San Francisco to Salt Lake City, with certain proposed branches, total 927 miles. The financial arrangements for the construction of this line were completed in the last three months of the year 1904-5, by the issue and sale of \$50,000,000 of First Mortgage 5% 30-year bonds of the Western Pacific Ry. It was estimated that the proceeds of this issue would cover the cost of the main line with terminals and necessary equipment. The line was opened for through freight traffic on December 10, 1909. The interest accruing upon the Western Pacific Ry. bonds during the period of construction had been provided for and is included as a part of the cost of construction.

As a part of the plan for financing the new line contracts were, on the part of the Denver & Rio Grande R. R. and the Rio Grande Western Ry., entered into with the Western Pacific Ry., the principal features of which are:

First. In the event that the proceeds of the First Mortgage bonds of the Western Pacific Ry. should prove insufficient to complete the main line of railway from San Francisco to Salt Lake City with adequate terminals and terminal facilities, and equipment to the amount of \$3,000,000, the Rio Grande Western Ry. undertook to provide sufficient funds to assure the completion, and if called upon to make any advances, to take Second Mortgage bonds of the Western Pacific Ry., bearing interest at 5% per annum.

Second. The Denver & Rio Grande R. R. and Rio Grande Western Ry., jointly, undertook to semi-annually make up any deficit in the earnings and income of the Western Pacific Ry. in the amount required to meet its operating and maintenance expenses and taxes, and after completion of the main line, the interest upon its First Mortgage bonds, and after August 1, 1911, certain installments, due upon its Sinking Fund. For all advances so made they were to receive the promissory notes of the Western Pacific Ry., payable out of its first available income. These advances on the part of the Denver & Rio Grande R. R. and the Rio Grande Western Ry. were to be made only in the event and to the extent that the application of the proper available income of the Western Pacific Ry. was insufficient to meet the above mentioned obligations, which contingency was "regarded as remote."

Third. Under the contracts with the Western Pacific Ry., the Denver & Rio Grande R. R. and the Rio Grande Western Ry. together were to hold in their treasuries 500,000 shares, of a par value of \$50,000,000, out of a total capitalization of the Western Pacific Ry. Company of 750,000 shares, of a par value of

\$75,000,000. This was designed to place the Denver & Rio Grande R. R. in the absolute control of the Western Pacific Ry., without any immediate money outlay, and with only a contingent liability for the future. (The \$50,000,000 stock was held in the treasury on June 30, 1909. Ed.)

One of the contracts above mentioned between the Denver & Rio Grande R. R. and the Rio Grande Western Ry. of the one part, and the Western Pacific Ry. Co. of the other part, also includes a traffic agreement. Provision is made for a joint through line of the three companies mentioned.

The entire line of the Western Pacific Ry. was completed November 1, 1909, and was formally opened for traffic in January, 1910. The Western Pacific Ry. has acquired large terminals and water front properties in Oakland, Cal., and San Francisco, Cal., and the line passes through Stockton, Sacramento, Oroville and other important cities.

The Denver & Rio Grande R. R. guarantees the interest in the \$50,000,000 First Mortgage 5% bonds of the Western Pacific Ry.

KANSAS CITY SOUTHERN RY.

The preferred stock is entitled to and is limited to non-cumulative dividends of 4% per annum. In July, 1907, 4% (the initial dividend) was paid on this stock. Dividends at the rate of 4% per annum are now being paid quarterly, January.

The voting trust having expired on April 1, 1905, a new management was elected in May, 1905. The new management secured the services of several engineers and experts to examine and report on the condition of the company's track, bridges, equipment, etc., and the reports of these parties were submitted in the annual report for 1904-5. The various reports showed that the property and equipment of the company were in poor condition in many respects. It was found that the efficiency of the railway was seriously impaired, owing to poor condition of the roadbed and track, to inadequate facilities in the way of warehouses, yards, sidings, water stations, etc., and to insufficient number of locomotives and cars and bad condition of same.

In the report for 1904-5 the president stated that, in order to put the property in a suitable condition for handling with economy and expedition its traffic, and in order to expand the business of the company to its legitimate proportions, it was necessary to make, at once, expenditures aggregating about \$7,000,000; of this amount it was estimated that repairs and improvements to tracks would require about \$3,000,000 and the acquisition of new equipment about \$1,600,000. The president also stated that the development of the country through which the railway passes, and adjacent thereto, demanded that extensions be built to preserve the tonnage, which

would otherwise be lost to competitors; further that, with the property in good condition, the earnings would increase and the cost of operation decrease largely, and that "the property was well worth the expenditure necessary to rehabilitate it, and that its geographical position demanded that it should not be confined to its single line, but that it should expand by having other lines under its control built in its natural territory."

A financial plan for the building of these lines, for financing the requirements for improvements and additional equipment, was submitted to the stockholders, and at a meeting, held March 19, 1906, an issue of \$10,000,000 4½% 20-year Improvement Gold Bonds was authorized, and there was authorized an issue of \$5,100,000 5% Gold Notes due April 1, 1912, with option for earlier retirement. These notes were offered to stockholders, pro rata, at 95, and were sold. \$6,000,000 of the Improvement Gold Bonds were executed and deposited as security for the notes, the balance, \$4,000,000, remaining unissued. (See next paragraph.)

Under date of May 20, 1909, the company announced that it proposed to cancel the Improvement Mortgage bonds, aggregating \$10,000,000; to call and pay off the outstanding Collateral Gold Notes aggregating \$5,100,000 and to create \$21,000,000 Refunding and Improvement bonds, bearing interest at not exceeding 5% per annum, due April 1, 1950, but redeemable at the option of the company at 105 and accrued interest on any interest date upon 60 days previous notice and to be secured by all of the property and franchises of the company owned and hereafter acquired, subject to the existing lien thereon. Of this new issue there were sold prior to June 30, 1909, \$10,000,000 bonds dated July 1, 1909, with interest payable January 1 and July 1, the proceeds to be generally applied as follows:

To pay off the Collateral Gold Notes July 1, 1909.....	\$5,100,000
To pay discount on sale of bonds	375,000
To reduce grades to ½ of 1% on three operating divisions, aggregating 41% of total length of line	1,250,000
To rearrange four division terminals to permit of more economical and better operation, and to provide additional facilities for taking care of power and traffic..	1,000,000
To ditching, ballasting, new rail, track and bridge improvements	1,000,000
For improvements of terminal facilities at Kansas City and Port Arthur, and for other corporate purposes.....	1,275,000

In the fiscal year 1905-6, \$1,226,577 was expended for the improvements previously mentioned, and Equipment Trusts of \$2,040,000 were made, of which \$72,000 were paid during that year, \$204,000 annually in 1906-7, 1907-8 and 1908-9, leaving \$1,356,000 outstanding on June 30, 1909, as shown on the statistical page in this book.

Improvements and additions were made during 1907-8 and 1908-9 to the extent of \$1,666,926 and \$682,344 respectively.

On June 30th, 1909, there was a credit of \$462,963 to the renewal and reserve funds.

The Kansas City Southern Ry. controls by virtue of its ownership of securities, all the property of the Port Arthur Canal & Dock Co., the Kansas City, Shreveport & Gulf Terminal Co., and the Arkansas Western Ry. Co., the operations of which companies are reported separately.

Announcement was made in January, 1909, that negotiations leading to a traffic agreement between the Kansas City Southern Ry. and the Union Pacific R. R. and Southern Pacific Co. had been entered into, to have the former become a connecting link between Kansas City and Galveston for the other roads.

It has been officially estimated that this agreement will increase the Kansas City Southern's gross \$1,000,000 during the first year of its operation. The tonnage, which the new arrangement will give the Kansas City Southern Ry., was formerly handled by the Missouri, Kansas & Texas Ry. and the "Frisco" System.

MISSOURI, KANSAS & TEXAS RY.

In May, 1906, an initial semi-annual dividend of 2% was paid on the preferred stock. Dividends are paid May and November. The preferred stock is limited to non-cumulative dividends of 4% per annum.

In October, 1909, it was announced that control of this road had been secured by Edwin Hawley and associates.

In the nine years to June 30, 1909, the average amount expended for Maintenance of Way and Structures and incorporated in operating expenses was \$1,108 per mile, against an average expenditure per annum for the five years preceding of but \$660 per mile.

While the surplus for 1906-7 amounted to about 28% on the preferred stock, the "margin of safety" for dividends was by no means so large as the statement of the fact would indicate, because of the relatively small amount of preferred stock. In 1907-8 about 10% was earned on the preferred stock, and in 1908-9 about 10½%.

From the surplus earnings the following amounts were appropriated account of new equipment payments and for additions and betterments:

Year 1902-3.....	\$1,160,847
Year 1903-4.....	1,353,943
Year 1904-5.....	1,238,142
Year 1905-6.....	594,664
Year 1907-8.....	546,444
Year 1908-9.....	433,412

In years prior to 1907-8 operating expenses included expenditures for additions and betterments (\$518,572 for 1906-7).

During 1908-9 there was appropriated from accumulated surplus the sum of \$3,000,000, which was appropriated to "Improvement Fund, North of Red River." Improvements were made in 1908-9 to the extent of \$948,516, which amount was charged against this fund, leaving to the credit of the fund on June 30, 1909, a balance of \$2,653,586.

On June 30, 1905, there were outstanding equipment notes and bonds to the amount of \$4,591,536. These obligations were retireable in installments maturing at various dates prior to June 30, 1911. The payments of these installments required large appropriations from surplus earnings each year. In March, 1906, a new mortgage was authorized securing an issue of \$20,000,000 General Mortgage 4½% Sinking Fund bonds, due 1936. Of this issue \$10,000,000 were sold, these having been offered to stockholders at 87½. The proceeds from the sale of these bonds were used in the retirement of equipment obligations, to reimburse the company for extraordinary expenditures, and to complete needed improvements. In January, 1909, the company sold \$3,170,000 General Mortgage bonds, making the amount of these bonds outstanding, \$13,170,000.

In August, 1904, the stockholders authorized a First and Refunding Mortgage to secure an issue of \$40,000,000 4% bonds, due in 2004. Of this issue \$13,000,000 were reserved to retire divisional bonds at or before maturity, and \$27,000,000 were available for future purposes of the company. In 1904-5 there were issued \$1,484,000 of these bonds, of which \$337,000 to retire other bonds. \$3,698,000 bonds of this issue were sold during the year 1905-6 and the proceeds used for equipment, for terminal property at Kansas City and for new machine shops and other purposes. In 1906-7 and 1907-8 \$4,810,000 additional First and Refunding Mortgage bonds were issued and were held in the treasury on June 30, 1908. The bonds held in the treasury represented cash advances from current earnings, and they were sold (except \$31,000) during 1909.

All outstanding equipment obligations (\$1,746,124) were paid and retired during 1908-9.

During the eight fiscal years to June 30, 1908, the Missouri, Kansas & Texas Ry. expended from its current earnings approximately \$11,900,000 for equipment and improvements, and issued bonds to the amount of \$20,981,000 for other equipment, additions and betterments, a total of \$32,881,000.

The mileage, earnings, etc., of this company for 1908-9 compare as follows with 1891-2:

	Year 1908-9.	Year 1891-2.	Increase.
Mileage	3,072	1,674	1,398
Gross Receipts	\$25,300,915	\$9,750,564	\$15,550,351
Net Earnings after Taxes....	6,666,200	2,369,996	4,296,204
Interest and Rentals	5,473,339	2,259,827	3,213,512
Gross per mile	\$8,236	\$5,825	\$2,411

The Missouri, Kansas & Texas Terminal Co. of St. Louis has been incorporated to construct terminals in the city of St. Louis to cost in the neighborhood of \$4,000,000. Bonds to cover the cost of this development will be issued and will bear the guarantee of the Missouri, Kansas & Texas Ry.

MISSOURI PACIFIC SYSTEM.

From January 1, 1901, to January 1, 1908, cash dividends were regularly paid at the rate of 5% per annum. The regular semi-annual dividend of 2½% was paid in January, 1908, in stock. \$1,945,450 capital stock having been issued for that purpose. In July, 1908, the dividend was passed.

On June 30, 1909, the Missouri Pacific Ry. owned \$44,336,654 of the \$44,391,299 capital stock of the St. Louis, Iron Mountain & Southern Ry., an affiliated road.

The Missouri Pacific Ry. held on June 30, 1909, through the St. Louis, Iron Mountain & Southern Ry. practically all, or \$23,668,250 of the Texas & Pacific Ry. Co.'s Second Mortgage 5% income bonds, these bonds having been acquired, for the most part, in exchange for St. Louis, Iron Mountain & Southern Ry. Unifying and Refunding 4% bonds at the rate of \$1,000 of the former for \$650 of the latter.

In 1901 4% was paid by the Texas & Pacific Ry. on its income bonds. In each of the years 1902 to 1907 inclusive, 5% was paid on these bonds. The annual dividend paid March 1, 1908, was reduced to 3½%. On March 1, 1909 no interest was paid.

On June 30, 1909, the Missouri Pacific Ry. and Iron Mountain owned \$6,555,000 capital stock of the Texas & Pacific Ry.

Of its capital stock issued in 1901 (about \$26,000,000, of which \$11,218,000 issued in exchange for like amount of debentures), \$13,866,435 was issued to provide for the payment for shares of stock of the Denver & Rio Grande R. R. Of this amount, \$9,922,522 was subscribed for by stockholders at par. The Missouri Pacific Ry. Co. owned June 30, 1909, \$14,800,000 common stock, and \$7,300,000 preferred stock of the Denver & Rio Grande R. R.

In 1902, \$1,400,000 stock was sold to pay for new construction, 56 miles.

On June 30, 1909, the Missouri Pacific Ry. and Iron Mountain Ry. owned \$11,326,200 preferred, \$2,826,200 common stock, and \$2,913,200 First Refunding and Extension bonds of the Wabash R. R. Of these securities, \$8,500,000 preferred stock was purchased in 1903 and the remaining securities (together with \$1,060,000 additional First Refunding and Extension bonds, which were sold in 1908-9) were received in exchange for \$5,435,000 Wabash R. R. Debenture "B" Income bonds which were owned by the Iron Mountain. See Wabash R. R.

In 1914 and subsequent years large blocks of bonds bearing high rates of interest will mature. \$3,828,000 7% bonds maturing November 1, 1906, were extended at 4% to 1938.

The System reported 519,411 acres of land owned and unsold June 30, 1909. The total receipts of the Department since commencement to June 30, 1909, were \$8,339,641, and the net receipts \$4,607,548.

Early in 1903 there was sold \$20,000,000 of an authorized issue of \$50,000,000 4% bonds of the Iron Mountain Ry., known as the River & Gulf Divisions First Mortgage. These bonds were sold, to be delivered pro rata as the mileage was completed, to provide funds with which to purchase additional terminal properties in St. Louis and East St. Louis, and to acquire and construct 677 miles of railroad as follows: From East St. Louis to Thebes, Ill., with a branch, 145 miles; from Batesville, Ark., to Carthage, Mo., with branches, 254 miles; and from West Memphis, Ark., to Clayton, La., 278 miles. At Carthage, Mo., the extension connects with Missouri Pacific Ry. lines, and at Clayton, La., a connection is made with a low grade line of the Texas & Pacific Ry. To December 31, 1903, \$13,316,386 bonds had been issued; to December 31, 1904, \$18,734,000 bonds had been issued; to June 30, 1906, \$23,784,000 had been issued; to June 30, 1907, \$28,343,000 had been issued; to June 30, 1908, \$30,169,000 had been issued, and on June 30, 1909, \$30,849,000 bonds of this issue were outstanding.

Bonds were reserved under the River & Gulf Divisions Mortgage of 1903 "to complete a system extending from St. Louis along the east side of the Mississippi River to Thebes, Ill., and on the west side of the river, via West Memphis, to the Texas & Pacific Ry. connection at Clayton, and by means of this connection completing a Valley Railroad System from St. Louis to New Orleans, which is forty-eight miles shorter than any existing system, having better grades."

On December 31, 1904, the greater part of the construction work explained above had been completed. The extensions, Batesville, Ark., to Carthage, Mo., and West Memphis, Ark., to Clayton, La., were wholly completed in 1905.

Main track, June 30, 1909, contained:

1,664 miles of 85-pound rail.	361 miles of 60-pound rail.
1,379 miles of 75-pound rail.	1,858 miles of 56-pound rail,
26 miles of 65-pound rail.	439 miles of 52-pound rail,
550 miles of 63-pound rail.	

In February, 1904, the company negotiated a loan of \$6,000,000 for two years at 5%, and to provide for the retirement of this loan on February 10, 1906, \$6,000,000 new two-year 5% notes were sold. In order to provide for the retirement at maturity on February 10, 1908, of these notes, the company sold

a new issue of \$6,000,000 two-year collateral trust convertible 6% notes. These notes were secured by deposit of \$11,026,000 First Refunding Mortgage thirty-year 6% bonds of the Kansas & Colorado Pacific Ry., dated February 1, 1908. \$487,000 of these notes were exchanged in 1907-8 for the bonds just mentioned and the balance were paid off in March, 1909. The bonds referred to are guaranteed, principal and interest, by the Missouri Pacific Ry. and are secured by a lien on the 1,450 miles of railroad of the Kansas & Colorado Pacific Ry., subject to bonds of its constituent companies, the bond issue, including the underlying bonds, being limited to \$30,000 per mile. The Missouri Pacific Ry., on June 30, 1909, owned \$22,303,500 of the \$25,498,100 stock and \$14,425,000 of an authorized issue of \$50,000,000 bonds of the Kansas & Colorado Pacific Ry. The latter company was formed by consolidation in 1890-1, and its mileage is included in the mileage of the Missouri Pacific System, forming the western extension of the System and connecting at Pueblo, Col., with the Denver & Rio Grande Ry.

Of the authorized \$50,000,000 bonds of the Kansas & Colorado Pacific Ry., \$19,656,000 were to be issued to reimburse the Missouri Pacific Ry. for advances; \$23,532,000 were reserved to retire underlying bonds of constituent companies, held by the trustee of the Missouri Pacific Ry. Collateral Trust 5% bonds of 1917 and 1920; and the balance, \$6,812,000, were reserved for the purpose of constructing or acquiring extensions or branches or for improvements.

The annual report of the Missouri Pacific Ry. for 1908-9 showed that \$14,425,000 of the new bonds of the Kansas & Colorado Pacific Ry. were owned on June 30, 1909, whereas over \$19,000,000 were held on June 30, 1908. No explanation was given in the report as to the disposition of the additional bonds owned on the latter date.

Loans Payable of the Missouri Pacific Ry. increased in 1908-9 \$10,500,000.

Early in 1905, \$25,000,000 of an authorized issue of \$50,000,000 new 4% 40-year bonds of the Missouri Pacific Ry. were sold. \$8,000,000 additional of these bonds were issued in 1907-8, and \$4,255,000 were issued in 1908-9, making the total issued to June 30, 1909, \$37,255,000. These bonds are secured by a like amount of Iron Mountain stock.

The Equipment Obligations outstanding on June 30, 1907, showed an increase for that year of \$7,575,650, and amounted to \$20,481,650. The total amount outstanding as of June 30, 1909, was \$14,082,000. These Equipment Obligations are payable in installments, the final payments to be made in 1917.

Stockholders on January 18, 1910, authorized an issue of \$175,000,000 First and Refunding Mortgage 5% bonds. Of this issue, \$29,800,000 were offered to stockholders at 95, and were under-

written by Kuhn, Loeb & Co., New York. Out of the total issue of \$175,000,000, \$90,633,500 is to be reserved for refunding prior lien bonds, \$6,500,000 to refund equipment obligations, \$52,866,500 is to be used for betterments, improvements and additions and equipment, and \$25,000,000 is to be reserved to acquire mortgage bonds of the St. Louis, Iron Mountain & Southern Ry., to be issued for betterments and additions on that property. The new bonds will be secured by mortgage on 3,779 miles of railway, on 165 miles of which they will at once be a first mortgage, also on equipment valued at \$18,621,297.

The company has agreed that no further issues under its 40-year 4% gold loan trust indenture of Feb. 15, 1905, shall be made in addition to the \$37,255,000 bonds now outstanding thereunder, and that it will not part with the shares of stock of St. Louis, Iron Mountain & Southern Ry. at any time pledged under said trust indenture, and that the same shall not be encumbered to a greater extent while any of the First and Refunding bonds are outstanding.

The \$29,806,000 bonds of Series A, which were sold in January, 1910, are convertible at the holder's option, at face value, subject to the conditions prescribed in the mortgage, into stock of the company at par during the period commencing September 1, 1912, and ending September 1, 1932, and within such period up to 30 days prior to any date for the redemption thereof which may be named in any call for redemption.

The entire issue of bonds is subject to redemption as a whole at the option of the company at 110 and interest on September 1, 1917, or on any interest day thereafter, and if all the pledged bonds of the St. Louis, Iron Mountain & Southern Ry. shall be redeemed, a like amount of First and Refunding bonds may be redeemed at 110 and interest on September 1, 1917, or on any interest day thereafter.

The new bonds mature September 1, 1959.

Subscriptions were declared payable as follows:

	Per \$1,000 bond.	Per \$500 bond.
At the time of making subscription, on		
or before January 21, 1910.....	\$350	\$175
On or before March 4, 1910	300	150
On or before April 15, 1910	300	150

RIO GRANDE SOUTHERN R. R.

The majority, or \$3,579,737, of the stock of this company is owned by the Denver & Rio Grande R. R., which guarantees \$2,277,000 (more than half) of the company's 4% bonds. On June 30, 1909, \$1,677,000 bonds of this company were held in the treasury of the Denver & Rio Grande R. R.

This a narrow-gauge road.

On June 30, 1909, Current Assets, including \$45,868 material and supplies, \$90,928 (book value) Rio Grande Southern R. R. bonds and \$25,531 (book value) Denver & Rio Grande R. R. bonds held in the treasury, were \$454,976, and the total liabilities, apart from the capital accounts, were \$253,212. The credit to Profit and Loss was \$217,034.

ROCK ISLAND SYSTEM.

The following statements show the Rock Island Company's direct and indirect interest as of June 30, 1909, in securities of other companies which together formed what was known as the Rock Island System of railroads. Late in 1909 the stock of the St. Louis & San Francisco R. R., carrying with it the control of other companies, was sold to B. F. Yoakum and associates. See below.

OWNERSHIP OF SECURITIES JUNE 30, 1909.

CHICAGO, ROCK ISLAND & PACIFIC R. R. CO.

Owned by the Rock Island Co. (the entire issue) \$145,000,000

CHICAGO, ROCK ISLAND & PACIFIC RY. CO.

Owned by the Chicago, Rock Island & Pacific R. R. Co. \$70,386,700

Held in treasury 2,252

Held in exchange for B. C. R. & N. Ry. and R. I. &

P. Ry. stock 140,400

In the hands of the public 4,470,648

Total authorized \$75,000,000

ST. LOUIS & SAN FRANCISCO R. R. CO.

Owned by the Chicago, Rock Island & Pacific R. R. Co. \$28,940,300

Held in treasury 150

In the hands of the public 59,550

Total outstanding \$29,000,000

CHICAGO & EASTERN ILLINOIS R. R. CO.

Preferred Common

Owned by the St. Louis & San Francisco

R. R. Co. \$6,050,400 \$7,217,800

In the hands of the public 2,780,300

Total outstanding \$8,830,700 \$7,217,800

EVANSVILLE & TERRE HAUTE R. R. CO.

Preferred Common

Owned by the Chicago & Eastern Illinois

R. R. Co. \$3,161,450

In the hands of the public \$1,283,333 825,933

Total outstanding \$1,283,333 \$3,987,383

In December, 1909, it was announced that the Chicago, Rock Island & Pacific R. R. had disposed of its holdings of stock of the St. Louis & San Francisco R. R. to B. F. Yoakum, Edwin Hawley and associates. The separation of these lines, it was said, was made necessary in order to comply with provisions of the Federal and certain State laws, the two roads being considered parallel and competing lines. The Chicago, Rock Island & Pacific R. R. Collateral 5% bonds due 1913 were called for payment January, 1910, (See below.)

See under Colorado & Southern Ry. as to interest in Trinity & Brazos Valley R. R. In August, 1907, the Chicago, Rock Island & Pacific Ry. sold to the Toledo, St. Louis & Western R. R. \$6,380,000 preferred, and \$14,420,000 common stock of the Chicago & Alton R. R. On June 30, 1909, there were held in the treasury of the former company the unsold securities received therefor, namely, \$4,110,000 Series A, and \$5,047,000 Series B, gold bonds of the Toledo, St. Louis & Western R. R. On June 30, 1909, C., R. I. & P. Ry. held \$550,000 Chicago & Alton R. R. preferred stock. See under last named company.

HISTORY.

On March 31, 1902, the Chicago, Rock Island & Pacific Ry. operated 3,910 miles of road and its capital stock amounted to \$59,961,960. During the following fifteen months to June 30, 1903, \$14,855,140 additional stock was issued, as follows:

For purchase of the capital stock of the Burlington, Cedar Rapids & Northern Ry. Co. (for years a majority of this company's stock had been owned.)	\$3,208,000
For purchase of the capital stock of the Rock Island & Peoria Ry. Co.	493,100
Issued in connection with purchase of stock and bonds of the St. Louis, Kansas City & Colorado R. R. Co.	2,000,000
Issued for cash under offer to stockholders June 5, 1901	38,040
Issued for cash under offer to stockholders June 4, 1902	8,235,500
Issued and sold for cash.....	880,500
	\$14,855,140

In the six fiscal years to June 30, 1909, there was issued for stock of the Burlington, Cedar Rapids & Northern Ry. Co., and of the Rock Island & Peoria Ry., \$42,500 additional stock of the Chicago, Rock Island & Pacific Ry., so that on June 30, 1909, of the authorized (\$75,000,000) stock of that company there was outstanding \$74,859,600. The balance was reserved for the redemption of \$140,400 outstanding stock of the Burlington, Cedar Rapids & Northern Ry., and outstanding stock of the Rock Island & Peoria

Ry. The last two mentioned roads were leased and subsequently purchased, the Chicago, Rock Island & Pacific Ry. owning practically all their capital stock. The Burlington, Cedar Rapids & Northern Ry., main line and branches, aggregated 1,373 miles, and the Rock Island & Peoria Ry., main line and branches, aggregated 121 miles.

In 1902-3, the above lines were operated directly, and about 175 miles of new line opened for traffic, so that on June 30, 1903, the total mileage operated directly by the Chicago, Rock Island & Pacific Ry. was 5,579 miles, as against 3,910 miles on March 31, 1902, as stated first above.

In June, 1902, practically all of the capital stock of the Choctaw, Oklahoma & Gulf R. R. (1,081 miles) was acquired by the Railway Company at \$80 per \$50 share for the common and \$60 per \$50 share for the preferred. Collateral trust serial bonds, retirable between May, 1903, and May, 1918, were issued to the extent of \$23,520,000 (total authorized \$24,000,000) to finance this purchase. On June 30, 1909, there were outstanding of these bonds \$13,446,000; \$1,494,000 bonds of this issue mature yearly on May 1. On June 30, 1904, the Chicago, Rock Island & Pacific Ry. owned the entire outstanding stock of the Choctaw, Oklahoma & Gulf R. R., and the mileage of that company was taken over in 1903-4 to be operated henceforth by the Chicago, Rock Island & Pacific Ry.

In 1904-5 and 1905-6, there were slight changes in operated mileage resulting in a net increase of 167 miles.

The large increase in operated mileage in 1906-7 was due for the most part to the fact that between June 1, 1906 and February 1, 1907, 253 miles were opened for operation under a lease from the Rock Island, Arkansas & Louisiana R. R. (see last paragraph following) and on October 1, 1906, 299 miles (St. Louis, Mo., to Kansas City, Mo.) were taken over for operation by the Chicago, Rock Island & Pacific Ry.

In 1907-8 and 1908-9, there were further increases of 46 miles and 12 miles respectively in the mileage operated.

The above serves to explain how, on June 30, 1909, the Chicago, Rock Island & Pacific Ry. operated directly 7,414 miles of road, against 3,910 miles operated on March 31, 1902. On June 30, 1909, the Chicago, Rock Island & El Paso Ry. operated 112 miles, and the Chicago, Rock Island & Gulf Ry., 523 miles. These three roads form what is known as the Rock Island System, and the total mileage operated in the system on June 30, 1909, was therefore 8,048 miles. The average mileage operated in 1908-9 was 8,026 miles.

On July 31, 1902, the Chicago, Rock Island & Pacific R. R. Co. was incorporated in Iowa, the entire stock, \$150,000,000, being now owned by the Rock Island Company, a "holding" company incorporated in New Jersey, July 30, 1902. The stockholders of the Chicago, Rock Island & Pacific Ry. were offered in exchange for

each \$100 of stock, \$100 in the 100-year 4% gold bonds of the Railroad Co. (to be secured by a pledge with the trustee of an equal amount of the stock of the Railway); also \$70 in the preferred stock and \$100 in the common stock of the Rock Island Co. (of New Jersey). This preferred stock is entitled to non-cumulative dividends at the rate of 4% per annum for 1903, and thereafter to and including 1909; then at the rate of 5% for 1910 and thereafter to 1916, inclusive, and thereafter at the rate of 6%. The preferred stockholders are entitled to elect a majority of the directors. Of the common stock authorized of the Rock Island Company (\$96,000,000), \$75,000,000 was issuable, and of \$54,000,000 preferred stock, \$52,500,000 was issuable under the above terms of exchange. The preferred stock received 4% in dividends in 1903, 1904 and 1905, paid quarterly, beginning February. In February, 1906, the dividend was passed. As of June 30, 1909, there were outstanding of the 100-year bonds, \$70,386,700, and a like amount of Chicago, Rock Island & Pacific Ry. stock had been exchanged.

In 1903-4, \$17,180,940 of an authorized issue of \$18,500,000 Col-lateral Trust 5% bonds of 1913 of C. R. I. & P. R. R., together with \$19,328,557 common stock of the Rock Island Company were issued in exchange for \$28,634,900 of the \$29,000,000 common stock of the St. Louis & San Francisco R. R. Interest on these bonds began to accrue on September 1, 1903. \$183,240 of these 5% bonds were issued in 1904-5, 1905-6 and 1906-7, on same terms, against the acquisition of 3,054 shares of stock of the "Frisco," thus making the amount of bonds issued, \$17,364,180, the amount outstanding June 30, 1909. In December, 1909, following the announcement of the sale of the "Frisco," these bonds were called for payment at 102½ and interest. For mileage of the St. Louis & San Francisco R. R. and Chicago & Eastern Illinois R. R. (owned by the St. Louis & San Francisco R. R.) and the Evansville & Terre Haute R. R. (owned by the Chicago & Eastern Illinois R. R.), see those companies. While practically the entire common stock of the St. Louis & San Francisco R. R. was owned by the Chicago, Rock Island & Pacific R. R., the lines operated by the former, or controlled directly by it, comprised what were known as the "Frisco" Lines as distinct from the Rock Island Lines.

Altogether, the Rock Island Company stockholder (prior to the separation of the various lines described above) was directly interested in the operation of over 14,500 miles of road, operating in seventeen States and Territories in the United States, this total including the "Frisco" and its subsidiary companies, the Chicago & Eastern Illinois R. R., the Evansville & Terre Haute R. R., and the Evansville & Indianapolis R. R., etc. The separation of the "Frisco" Lines from the "Rock Island" reduces the mileage of the System about 6,500 miles.

The "Rock Island" never received dividends from the "Frisco" stock owned and the purchase and sale of this stock resulted in considerable loss. The cost of retiring of the C., R. I. & P. R. R. collateral bonds was met from the proceeds (understood to have been \$10,852,612) derived from the sale of the "Frisco" stock and by the sale to the C., R. I. & P. Ry. of \$7,500,000 new 5% bonds due September 1, 1913. The common stock of the "Frisco" was quoted in the market in January, 1909, at a price of about 42.

In March, 1904, the Chicago, Rock Island & Pacific Ry. made a mortgage to secure an issue of bonds designated as First and Refunding Mortgage Gold Bonds. These bonds are dated April 1, 1904, and are authorized to be issued in an aggregate amount not to exceed \$163,000,000, of which \$82,025,000 were reserved to refund an equal amount of prior lien bonds and the balance for future acquisitions, equipment and betterments.

In 1904-5, there were sold \$32,438,800 of these bonds, the proceeds to be used for the most part to pay off maturing notes, and the balance to reimburse the company for capital expenditures, including the purchase of an interest in Chicago & Alton R. R. stock. This interest was for the most part disposed of in 1907; see above. \$11,250,000 additional bonds of this issue were deposited as security for \$7,500,000 4½% Collateral Trust Notes, due July 1, 1907. Sufficient bonds were sold to retire these notes. In 1905-6, \$11,904,000 First & Refunding Mortgage bonds were issued, of which \$8,404,000 for redemption of matured obligations and \$1,000,000 for an equal amount of General Mortgage bonds. In 1906-7, \$11,250,000 First & Refunding Mortgage bonds were issued, of which \$1,850,000 for redemption of matured obligations and the balance for improvements, equipment, etc. In 1907-8, \$7,782,000 First and Refunding bonds were issued, of which \$1,864,000 for redemption of matured obligations, \$1,000,000 for an equal amount of General Mortgage bonds and the balance for improvements, equipment and acquisitions. In 1908-9, \$5,289,000 of these bonds were sold: \$1,000,000 for an equal amount of General Mortgage bonds, \$1,789,000 for redemption of matured obligations and the balance for additions, improvements and equipment. Thus to June 30, 1909, \$79,922,000 First & Refunding Mortgage bonds had been issued. Matured obligations had been retired to June 30, 1909, with bonds of this issue, to the amount of \$22,004,000. Additional First and Refunding bonds to the extent of \$3,500,000 were sold in January, 1910.

On June 30, 1909, main and second track owned and leased by the Chicago, Rock Island & Pacific Ry. (7,622 miles) contained:

5 miles of 100-pound rail,	094 miles of 65 to 68-pound rail,
974 miles of 85-pound rail,	1,590 miles of 60-pound rail,
2,661 miles of 80-pound rail,	633 miles of 56 to 58-pound rail,
488 miles of 70-pound rail,	277 miles of lighter weights.

On June 30, 1909, Current Assets of the Rock Island Lines were \$28,914,642, but this total included \$10,534,793 Treasury Securities and \$5,724,801 material, fuel and supplies. Current and Deferred Liabilities on June 30, 1909, were \$12,536,548.

From the surplus earnings of the Rock Island Lines for 1905-6, the sum of \$2,108,280 was appropriated for a special improvement and equipment fund. There was \$2,043,172 to the credit of this fund on June 30, 1908. In 1908-9, the fund was exhausted.

In 1905-6, \$6,000,000 Two-Year 4½% Notes dated April 1, 1906, were sold. These Notes at maturity were extended for one year at 6% and were paid on April 1, 1909. These Notes were secured by deposit with the Trustee of \$9,000,000 First Mortgage 4% bonds of the Rock Island, Arkansas & Louisiana R. R. Co. The latter company is a consolidation of the Arkansas Southern R. R., the Arkansas Southern Extension Ry. and the Little Rock & Southern R. R. All the stock is owned by the Chicago, Rock Island & Pacific Ry., which leased the company for 99 years; 100 miles of the Rock Island, Arkansas & Louisiana R. R. were taken over for operation by the lessee on June 1, 1906; 93 miles additional were opened for operation in 1906-7, and 55 miles in 1907-8, making total mileage, 308 miles. This line extends from Haskell, Ark., near Little Rock, to Eunice, La. The proceeds of the Two-Year Notes, above mentioned, were applied to cost of new equipment, to the redemption of bonds of the Arkansas Southern R. R. and to the cost of extensions and improvements of the Rock Island, Arkansas & Louisiana R. R.

ST. JOSEPH & GRAND ISLAND RY.

The first preferred stock is entitled to non-cumulative dividends of 5% per annum. The second preferred is entitled to non-cumulative dividends of 4% per annum.

The first preferred received 5% in 1898, 1901, and 1902, and 3% in 1899 and 1900. Dividends were passed in January, 1903.

In 1906, the Union Pacific R. R. acquired capital stock of the St. Joseph & Grand Island Ry. in the following amounts: first preferred, \$932,200; second preferred, \$1,250,000, and common stock, \$2,900,000.

\$31,840 was charged to operating expenses in the year 1905-6, also \$47,760 in the year 1904-5, and \$43,750 in the year 1902-3, account of rebuilding the bridge across the Missouri River, at St. Joseph. These charges to operation were to provide for one-half the cost, and Capital Account was to provide the other one-half. The amount remaining to the Missouri River Bridge accounts, \$17,401, was charged against the surplus for 1905-6. The surplus for 1905-6 was also charged \$44,665 for betterments. No such charges were made in 1906-7, 1907-8 and 1908-9.

In the annual report for 1906-7, the president stated that large expenditures (estimated at the net sum of \$546,735) would be re-

quired during the following year for rail renewals, grade revision, new ballast, new steel bridges, etc.

The funds for these expenditures, it was stated, would be provided from surplus on hand. A part only of this work had been completed to June 30, 1909.

In the annual report for 1908-9, it was stated that, in addition to the amount named in the 1906-7 report, \$1,319,692 additional improvements had been authorized.

Operating expenses were heavily charged for maintenance in 1908-9.

Of the mileage operated, 61 miles are used under trackage rights.

During the past few years considerable work has been done in laying heavy rail in the track.

Bills payable on June 30, 1904, were \$415,000. These were liquidated in 1904-5 with proceeds of \$500,000 bonds sold. On June 30, 1909, Current Assets, including \$162,171 material, fuel and supplies, were \$1,329,604, and Current Liabilities were \$418,136.

\$80,000 Equipment Notes matured and were paid off in 1908-9. None were outstanding on June 30, 1909.

ST. LOUIS & SAN FRANCISCO R. R.

In 1905, quarterly dividends at the rate of 4% per annum were paid on the first and second preferred stocks. The March, 1906, dividend on the second preferred stock was passed and no payments were made to January 31, 1910. It is expected that dividends on this stock will be resumed at an early date. Dividends were paid on the second preferred stock from 1897 to 1906, although not always at the full rate. First preferred dividends are paid quarterly, beginning January. These two issues are redeemable at par at the option of the company.

In 1900-1, the principal lines of the Kansas City, Fort Scott & Memphis R. R. Co. were conveyed to the Kansas City, Fort Scott & Memphis Ry. Co. The purchasing company issued \$13,510,000 non-cumulative preferred stock and \$11,650,000 4% Refunding bonds. The system so acquired was leased to the St. Louis & San Francisco R. R. Co. at an annual rental of an amount equal to the fixed charges of the lessor company, and a dividend of 4% on the preferred stock issue of the lessor. The preferred stock of the lessor was deposited with a trust company against proper trust certificates, entitling the holding to the payment by the St. Louis & San Francisco R. R. Co. of dividends at the rate of 4% per annum from and after October 1, 1901, and redeemable and payable by that company at par within twenty years. The St. Louis & San Francisco R. R. Co. also guaranteed by indorsement the principal and interest of the new Refunding bonds. These leased lines are

now operated as part of the "Frisco" System, and all interest and dividends on the trust stock certificates are included under Fixed Charges in the table. On June 30, 1909, \$21,612,000 Refunding bonds of the Railway Company were outstanding.

In August, 1902, control of the Chicago & Eastern Illinois R. R. was acquired, the St. Louis & San Francisco R. R. giving in exchange its stock trust certificates. All the common stock and a large majority of the preferred stock has been exchanged. In 1904-5, \$2,000,000 new preferred stock of this road was acquired, so that on June 30, 1909, \$6,050,400 preferred stock was owned. See Chicago & Eastern Illinois R. R. and see Rock Island System.

For the purpose of unifying the company's bonded debt and to provide for improvements, etc., the company executed a mortgage, dated June 30, 1901, to secure an issue of Refunding 4% bonds to the amount of \$85,000,000, of which amount \$59,000,000 were reserved to retire underlying bonds.

During the year 1901-2, \$43,695,000 of these bonds were issued, of which \$40,604,000 were sold and with the proceeds \$34,327,100 underlying bonds were purchased by the company. Over \$18,000,000 of St. Louis & San Francisco R. R. original underlying bonds were outstanding June 30, 1903. In 1902-3, \$12,127,000 Refunding bonds were issued. Of this amount \$76,000 were used to retire \$61,000 of the underlying bonds. From 1903-4 to 1908-9 inclusive \$10,200,000 additional Refunding bonds were issued, of which \$23,500 to retire a like amount of underlying bonds. Total Refunding bonds outstanding on June 30, 1909, \$66,022,000, issued as follows: about \$45,500,000 to retire underlying bonds; \$8,000,000 for improvements, etc.; about \$12,500,000 for additional lines, extensions, etc.

The annual saving in interest by reason of the refunding up to June 30, 1909, amounted to less than \$50,000.

While the average mileage operated in 1903-4 was 4,217 miles, the mileage operated on June 30, 1904, was 4,349 miles. The operations of the St. Louis, Memphis & Southeastern R. R., 665 miles, were not included in the operations of the St. Louis & San Francisco R. R. in 1903-4. On July 1, 1904, this road was turned over to the latter company for operation, and in 1907-8 was merged, the parent company taking title by deed.

The net increase in 1904-5 in the funded debt (not including Equipment obligations) of the System was \$21,273,186, of which \$15,488,120 represented St. Louis, Memphis & Southeastern R. R. Co. 5-year 4½% bonds and \$4,000,000 represented 7-year 4½% notes secured by bonds and stock of the Arkansas Valley & Western Ry. (175 miles). In 1905-6, there was a net increase in all interest obligations amounting to \$6,915,041. This increase was due for the most part to the issuance of \$3,375,000 Five-Year 5% Gold Notes, due 1911, of \$1,000,000 Refunding Mortgage bonds, of \$1,-

333,000 Kansas City, Fort Scott & Memphis Ry. Refunding bonds and of \$1,108,637 Equipment Notes and bonds.

The net increase in 1906-7, in all interest bearing obligations, was \$14,452,014. There were issued \$6,500,000 2½-year Gold Notes due June 1, 1909; \$3,896,000 Refunding Mortgage bonds, \$1,750,000 1-year Notes due December 1, 1908, and \$4,125,000 5-year Notes due 1911; the increase in Equipment obligations amounted to \$4,371,860. In November, 1906, \$2,059,300 underlying bonds were paid off and on December 1, 1906, \$4,993,317 5% 2½-year Gold Notes matured and were paid off.

The net increase in 1907-8, in all interest bearing obligations, was \$17,588,608. There were issued \$2,000,000 Refunding Mortgage bonds, \$17,509,044 General Lien Mortgage 5% bonds (placed in treasury), \$801,000 Kansas City, Fort Scott & Memphis Ry. Refunding Mortgage bonds and the net increase in Equipment obligations amounted to \$5,218,192. During the year, \$7,937,000 short term Notes were paid off. Kansas City, Fort Scott & Gulf R. R. First Mortgage 7% bonds (\$2,055,300) which matured June 1, 1908, were extended at 5% interest to June 1, 1911.

The net increase in 1908-9, in all interest bearing obligations, was \$6,813,771. There were issued \$22,000 Refunding Mortgage bonds, \$22,756,164 General Lieu Mortgage 5% bonds (\$5,265,208 in Treasury June 30, 1909), \$2,000,000 5% Notes due 1911, \$796,000 Kansas City, Fort Scott & Memphis Ry. bonds and \$728,567 bonds of auxiliary companies. Equipment obligations were decreased \$2,635,130; also \$15,529,930 St. Louis, Memphis & Southeastern R. R. 5-year 4½% bonds, \$1,312,900 (net) short term Notes and \$11,000 bonds were redeemed.

On June 30, 1909, the St. Louis & San Francisco R. R. had outstanding Bills Payable, Short-Term Collateral Notes and Short-Term Bonds as follows:

Bills Payable	\$1,713,329
Notes due December 1, 1909.....	*6,125,000
Bonds due September 1, 1910.....	492,000
Notes due January 1, 1911.....	7,500,000
Notes due February 1, 1911.....	2,000,000
Bonds due June 1, 1911.....	†2,055,300
Notes due February 1, 1912.....	4,000,000
Bonds due October 1, 1913.....	†2,880,000

* Paid off August 6, 1909.

† K. C., F. S. & G. R. R.

‡ Ozark & Cherokee Central Ry

In addition to the short-term obligations just mentioned, there were outstanding on June 30, 1909, Equipment Trust Notes and Bonds to an aggregate amount of \$15,033,552. These obligations mature prior to January, 1918; at present the annual requirements account of the payment of the principal of these obligations amount to about \$2,500,000.

The stockholders of the St. Louis & San Francisco R. R. voted on August 27, 1907, to authorize an issue of \$115,000,000 General Lien 15-20-year bonds due May 1, 1927, bearing interest at a rate not to exceed 5%. These bonds are redeemable at 102½ and interest to May 1, 1922, and at par and interest thereafter. Under this mortgage \$69,573,000 bonds were reserved for refunding purposes and to take up at or before maturity various bonds and notes, including equipment notes, upon the retirement of which this mortgage will be a first lien on 1,526 miles of road and on equipment originally costing \$18,911,907. It will also be a lien on 3,804 additional miles, subject to existing mortgages.

In January, 1909, the authorized issues of these General Lien bonds had been reduced to \$109,850,400 through sale of Refunding Mortgage bonds for purposes authorized under the General Lien Mortgage. In December, 1908, \$30,000,000 of these bonds were sold to Speyer & Co., \$10,000,000 for reimbursement of capital expenditures (including payment of floating debt incurred for improvements, etc.), and the balance for refunding bonds and notes including the \$15,529,929 St. Louis Memphis & Southeastern R. R. 4½% bonds maturing June 1, 1909, upon the redemption of which the General Lien bonds became a first mortgage on 665 miles of road, subject to \$489,125 underlying bonds. Additional bonds were sold to Speyer & Co. in April, 1909. On June 30, 1909, there were outstanding \$40,265,208 of these bonds, of which \$5,265,208 were in the treasury. In August, 1909, about \$10,000,000 additional bonds of this issue were sold in France, and in October \$6,000,000 were sold in Germany.

Jointly with the Southern Ry., the St. Louis & San Francisco R. R. guarantees, principal and interest, \$15,000,000 4% bonds of the New Orleans Terminal Co.

In May, 1903, the Chicago, Rock Island & Pacific R. R. acquired \$27,988,300 of St. Louis & San Francisco R. R. common stock, the latter receiving in exchange, per \$100, \$60 in common stock of the Rock Island Company, and \$60 in 5% bonds of 1913 of the Chicago, Rock Island & Pacific R. R. On June 30, 1909, the common stock owned by the latter company was \$28,940,300. In December, 1909, the "Rock Island" sold its holdings in "Frisco" stock and the bonds above mentioned were called for redemption. (See Notes under Rock Island Co.)

The following statement shows the growth of the St. Louis & San Francisco System and incidentally the relatively small increase in surplus during eleven years:

	1896-7	1908-9	Increase
Average Mileage	1,162	5,251	4,089
Gross Income	\$6,000,402	\$38,195,738	\$32,195,336
Surplus for Dividends.....	331,067	1,328,585	997,518

The outstanding capital stock on June 30, 1897, was \$44,590,812.

The outstanding capital stock on June 30, 1909, was \$49,993,262.

See Chicago & Eastern Illinois R. R.

In 1906-7, the St. Louis & San Francisco R. R. acquired through the proceeds of its \$7,500,000 5-year 5% Collateral Trust Gold Notes, above mentioned, all the capital stock (except Directors' shares), and all the bonds of Colorado Southern, New Orleans & Pacific R. R. Co. The property of the last named company has been leased to the St. Louis & San Francisco R. R. for the period of 999 years from April 30, 1907. Through the ownership by Colorado Southern, New Orleans & Pacific R. R. Co. of all the stock (except Directors' shares) of the Orange & Northwestern R. R. Co., and of the Beaumont, Sour Lake & Western Ry. Co., a through line is operated from Houston to Baton Rouge. From Baton Rouge to New Orleans (80 miles) the trains of the St. Louis & San Francisco R. R. are operated into New Orleans under a trackage agreement with the Louisiana Ry. & Navigation Co. These three acquired companies had 178 miles in operation on June 30, 1909, 124 miles ready for operation and 55 miles under construction, a total of 357 miles. In September, 1909, the entire line was opened for operation.

On June 30, 1909, Current Assets (including \$3,105,410 supplies on hand, \$7,024,079 securities in treasury, and \$3,610,066 Advances account of Construction, fundable) were \$21,337,737, and Current Liabilities (including \$1,713,329 Notes Payable), were \$10,435,674.

In 1908-9, 327 industrial plants, employing 8,710 hands and costing about \$7,330,500 were located on the lines of the company.

In 1907-8, 266 new industrial plants, employing 7,954 hands and costing approximately \$5,600,000, were located on the "Frisco" lines. In 1906-7, 338 industrial plants, employing over 12,000 hands and costing about \$9,000,000, were so located. In 1905-6, 361 industrial plants, employing about 10,000 hands and costing about \$9,000,000, were located on the "Frisco" tracks.

ST. LOUIS SOUTHWESTERN RY.

The preferred stock is entitled to 5% non-cumulative dividends. An initial dividend of 2% was paid in July, 1909. In January, 1910, a semi-annual dividend of 2½% was paid.

The income bonds are limited to non-cumulative interest of 4% per annum. Interest is being paid January 1, and July 1, of each year.

As of June 30, 1909, \$6,956,500 of the \$10,000,000 income bonds had been exchanged at the rate of 90% of their par value for new First Consolidated Mortgage 4% bonds. In addition to the \$6,259,550 First Consolidated bonds issued for the income bonds as described, \$14,008,200 of this issue had been sold to June 30, 1909, for cash to acquire equipment trust obligations, to purchase new equipment and for other purposes, and \$1,993,100 remained unsold in the company's treasury on June 30, 1909.

On June 30, 1909, the total amount of Equipment Notes issued was \$6,732,250, but of this amount the company had acquired from the proceeds of the sale of First Consolidated bonds, \$5,546,833. The Notes acquired are kept alive as security for the new bonds. The balance of these Notes outstanding in the hands of the public was on June 30, 1909, \$1,185,417. This included \$715,922 issued in 1908-9.

Main track (not including trackage) included, June 30, 1909:

9 miles of 85-pound steel,	6 miles of 60-pound steel,
830 miles of 75-pound steel,	417 miles of 56-pound steel,
31 miles of 70-pound steel,	33 miles of 35-pound steel.

The completion early in 1905 of the new bridge (in which this company has a one-fifth proprietary interest) across the Mississippi River, between Gray's Point, Mo., and Thebes, Ill., in connection with the arrangement made for the joint use of the Illinois Division of the St. Louis, Iron Mountain & Southern Ry. for the freight and passenger trains of this road between Thebes, Ill., and St. Louis, Mo., has materially strengthened the position of the St. Louis Southwestern Ry., both from operating and traffic stand-points.

The balance sheet of June 30, 1909, showed Current Assets \$7,020,982 (of which \$1,479,115 were supplies), and Current Liabilities, (including \$1,151,875 reserves,) \$4,189,785. The Current Assets to the above amount did not include \$2,420,329 representing the market value of unpledged bonds and stocks owned in the treasury on June 30, 1909.

The St. Louis Southwestern Ry. guarantees both as to principal and interest, the Shreveport Bridge & Terminal Co. First Mortgage 5% bonds (authorized \$500,000; issued \$450,000) due 1955, and the Gray's Point Terminal Ry. First Mortgage 5% bonds (\$500,000 issued) due 1947.

In October, 1906, the stockholders of the St. Louis Southwestern Ry. voted to guarantee not exceeding \$4,000,000 Gray's Point Terminal Ry. First Refunding & Extension 50-year 5% bonds and ratified a supplemental agreement or lease of that company, providing for the use of its terminals and other properties for 50 years from August 1, 1906.

Of the mileage operated during 1908-9, 138 miles were used jointly with other railroads.

In 1908-9, Products of the Forest contributed 48.7% of the total tonnage carried, and 70.9% of the total tonnage originated on the lines of the company.

TEXAS & PACIFIC RY.

The income bonds are entitled to and are limited to 5% per annum. Interest of 4% was paid in March, 1901; thereafter 5% was paid each year to and including the annual payment made on March 1, 1907. On March 1, 1908, 3½% was paid. No payments were made in 1909 and in 1910. The St. Louis, Iron Mountain & Southern Ry. (Missouri Pacific System) owned on June 30, 1909, \$23,668,250 income bonds of this company. See under Missouri Pacific Ry. for terms under which these bonds were acquired.

The Missouri Pacific Ry. owned on June 30, 1909, \$6,525,000 of Texas & Pacific Ry. stock.

On March 1, 1905, \$2,880,000 First Mortgage Eastern Division 6% bonds matured. These bonds were replaced by First Mortgage bonds.

The following amounts have been appropriated for Improvement and Equipment Accounts, for new equipment, buildings, etc.:

Year 1900, from surplus for year.....	\$ 655,307
Year 1901, from surplus for year.....	926,351
Year 1902, from accumulated surplus.....	2,207,358
Year 1903, from surplus for year.....	841,385
Year 1904, from surplus for year.....	1,272,233
Year 1905, from surplus for year.....	1,128,118
Year 1906, from surplus for year.....	1,518,575
Year 1907, from surplus for year.....	2,226,736
Year 1908, from surplus for year.....	905,588

From January 1, 1901, to December 31, 1909, a period of eight years, there was expended in the betterment of the property, exclusive of maintenance, \$7,202,434, and during this period new equipment was purchased at a cost of \$9,208,060.

Main track December 31, 1908, included:

1,246 miles of 75-pound steel,	492 miles of 56-pound steel,
116 miles of 63-pound steel,	71 miles of other weights.

This company handles a large portion of the grain exported from the port of New Orleans.

340 miles of branch lines in Louisiana were completed during the three years ending December 31, 1903. In 1905 a new line from Simmesport to Melville, La., 22 miles, was constructed, but was not operated until 1906. Late in 1907, a branch line from Bunkie, La., to Eunice, 37 miles, was completed. The cost of this last named branch line was met by an issue of Louisiana Division Branch Lines bonds at \$12,500 per mile.

Current Assets on December 31, 1908 (not including \$508,385 materials on hand), were \$2,115,613, and Current Liabilities were \$8,320,085, the latter including \$5,865,398 of Bills Payable.

On December 31, 1908, the Texas & Pacific Ry. owned all the outstanding (\$1,143,000) First Mortgage 5% bonds due 1956, of

the Opelousas Gulf & Northwestern R. R., also \$1,400,000 or 70% of that company's capital stock. The bonds will be guaranteed when sold. The line of that company was completed in October, 1907, 57 miles from Melville to Crawley, Louisiana.

Following is a comparison of the property as it was in 1888, when newly organized, with its condition on January 1, 1908:

	1888	1908
Mileage	1,487	1,885
Steel rails	1,193	1,876
Earnings per mile, gross.....	\$4,286	\$8,977
Expenses per mile, gross.....	3,314	6,234
Net earnings per mile.....	972	2,743
Freight cars	3,899	12,310
Passenger cars	106	199
Locomotives	182	390
Average number of freight trains run daily...	97	132
Average number of passenger trains run daily.	33	53
Average freight train load, tons.....	115	215
Tons of freight hauled	1,238,388	5,368,994
Increase in tons of freight handled, over 333%.		
Bonded indebtedness per mile operated.....	\$33,624	\$29,161

TEXAS CENTRAL R. R.

The preferred stock is entitled to non-cumulative dividends at the rate of 5% per annum.

The preferred stock and the common stock received dividends for several years to July, 1905, at the rate of 5% and 2½% respectively. In July, 1905, 5% was paid on the common stock. This rate was maintained to and including the payment made in July, 1907. In July, 1908, the dividend was passed. Preferred stock dividends are payable semi-annually in January and July.

In 1908-9 there was appropriated \$75,537 for new rails and \$48,269 for new equipment. These expenditures and the payment of \$66,225 in dividends resulted in a deficit of \$23,039.

In 1907-8 there was appropriated \$189,053 with which to pay for rebuilding the line destroyed by flood. Also \$16,796 was expended for new equipment. The total deficit for the year, after these expenditures and \$66,225 paid in dividends, was \$164,883.

From the surplus of 1906-7, \$255,734 was appropriated for new equipment and for improvements, against \$115,269 so appropriated from the surplus of 1905-6.

Main track on June 30, 1907, contained:

15 miles of 77½-pound steel,
40 miles of 75-pound steel,
203 miles of 60 and 56-pound steel.

In 1905-6, construction work was commenced on an extension of the main line from Stamford to Rotan, Tex., 41 miles. This extension was completed in February, 1907.

A further extension of the line from Rotan, Tex., to Albuquerque, New Mexico, is projected. A large part of this line has been surveyed.

Bonds outstanding, in the hands of the public, on June 30, 1909, consisted of \$500,000 5% bonds and \$150,000 4% bonds, both secured by same mortgage.

The financial statement on June 30, 1909, showed:

CURRENT ASSETS.	
Cash on hand.....	\$ 1,801
Materials and supplies.....	21,930
Other current assets.....	40,244
	\$63,975
CURRENT LIABILITIES.	
Interest and taxes accrued, not due.....	\$16,778
Dividends due July, 1909.....	33,112
Other current liabilities.....	125,171
	\$175,061

In addition, the balance sheet of June 30, 1909, showed Bills Payable \$242,000, and due Moran Brothers, \$55,470. The company held \$650,000 of its own bonds in its treasury.

As of June 30, 1909, the debit balance to Profit and Loss Account was \$63,922.

GREAT NORTHERN RY.

Dividends are being paid at the rate of 7% per annum, quarterly, beginning February.

The following sums have been transferred from surplus earnings to Fund for Permanent Improvements and Renewals (including for 1906-7, \$2,934,976 to Fund for Replacement of Equipment.)

Year 1897-8.....	\$2,250,000
Year 1898-9.....	1,800,000
Year 1899-0.....	1,800,000
Year 1901-2.....	2,000,000
Year 1902-3.....	3,000,000
Year 1903-4.....	2,000,000
Year 1904-5.....	3,000,000
Year 1905-6.....	5,130,910
Year 1906-7.....	4,934,976
Year 1907-8.....	2,468,832
Year 1908-9.....	2,789,961

The unexpended balance of the Fund for Permanent Improvements and Renewals was on June 30, 1909, \$5,763,398, and the Fund for Replacement of Equipment showed a credit of \$16,051,219.

The amount included in Maintenance of Way in 1906-7 for extraordinary improvements, etc., was \$1,894,382 against \$2,583,055 in 1905-6, \$2,040,645 in 1904-5, and \$1,410,097 in 1903-4.

On July 1, 1908, upwards of 200 miles of road were under construction; 230 miles of new road were placed in operation during 1907-8. The increase in mileage during 1908-9 was 240 miles. Considerable construction work was progressing at the close of the fiscal year.

On June 30, 1908, the Oregon Short Line R. R. Co. (Union Pacific System) owned \$3,578,600 stock of the Great Northern Ry., which stock was sold in 1908-9, against on June 30, 1907, \$9,036,400 full-paid capital stock of the Great Northern Ry., and \$3,614,560 partly paid stock of this company. On June 30, 1905, the Oregon Short Line R. R. owned the equivalent of \$22,503,297 capital stock of this company.

On June 30, 1909, the Union Pacific System owned 38,864 shares in the Great Northern Iron Ore Properties against 77,164 shares owned on June 30, 1908 (see below).

To June 30, 1908, the Great Northern Ry. and Northern Pacific Ry. had acquired \$107,613,000 (being 97% of the total authorized issue) of the Chicago, Burlington & Quincy R. R. stock in exchange for their joint 20-year 4% bonds, secured by deposit of the stock in trust, on the basis of \$200 in bonds for each \$100 stock.

The Land Department of the St. Paul, Minneapolis & Manitoba Ry. held 815,461 acres unsold, to be reduced, it is understood, about 660,000 acres by a final adjustment with the United States. Net amount due on land contracts on June 30, 1909, was \$277,302.

As bearing upon the stock issued in 1905-6, explained below, it may be stated that to June 30, 1904, no additional permanent capital had been obtained by the company since the issuance of \$25,000,000 capital stock in 1901, sold at par to stockholders. The amount paid out by the company to June 30, 1904, on account of the purchase of the securities, to acquire which this stock was issued, amounted to \$25,745,053. In addition to that amount, the company had advanced to June 30, 1904, to other companies and for the construction of additional mileage, \$4,501,203. During the three years to July 1, 1904, there had been paid out for additional equipment for the Great Northern System the sum of \$8,241,432. There had been expended on capital account by proprietary companies, during that period, \$10,012,207, making the total paid out substantially within three years, for securities, additional mileage and equipment, and additions to the property of proprietary companies, \$48,499,895, or

\$23,499,895 in excess of the proceeds from the stock issue mentioned. In addition to that amount the company had expended during the three years to June 30, 1904, in additions and improvements, the sum of \$5,114,131 out of appropriations aggregating \$7,000,000 made from surplus earnings, as stated above.

In 1904-5 the capital stock was increased by \$236,375 and the net bonded debt by \$4,105,484. As against this, expenditures and advances aggregating about \$8,500,000 were made by the Great Northern Ry. in 1904-5 for construction, equipment, etc.

Stockholders of record on November 8, 1905, were entitled to subscribe pro rata at par for \$25,000,000 new stock, the last installment to be paid March 19, 1906, the proceeds to be used to pay for additional equipment, for the purchase of securities of subsidiary companies acquired and to be acquired, etc.

In January, 1907, \$60,000,000 new stock was offered pro rata to stockholders for subscription at par, payments to be made: 50% during the fiscal year 1906-7, and 50% during the fiscal year 1907-8. The final installment of 5% was paid on April 7, 1908.

The company paid interest on all installments received, at the rate of 5% per annum.

In the official circular, dated December 11, 1906, announcing this issue of stock, the president said in part:

"The continued rapid development, particularly in the past year, of the business of the section served by your system of railways has created a marked public demand for increased and improved transportation facilities.

"To pay for the additional equipment, for additions to and improvements of existing lines and for acquisition by purchase of their securities or otherwise, of such other lines as your Directors may decide to be necessary to meet this demand, requires an increase in your capital.

"Your Directors have therefore adopted resolutions, subject to your ratification, providing for the issuance at par of six hundred thousand additional shares of capital stock of one hundred dollars each, similar in all respects to that now outstanding."

Late in the year 1906, the Great Northern Ry. iron ore properties (so called) were leased to companies controlled by the United States Steel Corporation. The terms of the contract are given in an announcement made October 5th, 1906, by Judge E. H. Gary, Chairman of Board of Directors of the United States Steel Corporation, as follows:

"After long negotiations a contract has been signed for the acquisition on a royalty basis of the Hill ore properties (so called) by companies controlled by the United States Steel Corporation. The quantity of ore has not been accurately determined; but it is a large body. The price to be paid is \$1.65 per ton delivered at

the upper lake docks, with an increase of 3.4 cents per ton each succeeding year. The minimum agreed to be mined is 750,000 tons for the year 1907, and increases by 750,000 tons per year until it reaches 8,250,000 tons, and thereafter it continues on that basis. The lease is perpetual until the ore is exhausted. It is believed the consummation of this agreement will result in great benefit to both parties."

Under date of November 22d, 1906, the President of the Great Northern Ry. announced that stockholders of record December 6th, 1906, would receive, unit for unit, certificates of beneficial interest in the company's ore properties, and accordingly the ore certificates were distributed to the stockholders of the Great Northern Ry. In his announcement, the President of the Great Northern Ry. described the ore certificates as follows:

"Certain iron ore properties have been acquired and are now held for your benefit by the Lake Superior Company, Limited.

"The Board of Directors of your Company has instructed the Lake Superior Company, Limited, to transfer the iron ore properties to Messrs. Louis W. Hill, James N. Hill and Walter J. Hill, to be by them held in trust, and for the benefit of the stockholders of the Great Northern Ry. Co. of record at the close of business on December 6, 1906, and of their assigns.

"The entire beneficial interest of the trust to be created will consist of 1,500,000 shares, and each stockholder of this company of record on the date above named will receive from the trustees a certificate for a number of shares of beneficial interest in said trust equal to the number of shares of stock of the Great Northern Ry. Co. held by him. The certificates issued by the trustees will be transferable upon their books in the same manner as stock certificates.

"The net proceeds and profits of the iron properties will, from time to time, and at least once in each year, be distributed by the trustees to the certificate holders of record at the date of distribution."

On September 16, 1907, a first dividend of \$1.00 was paid on the ore certificates, and on March 16, 1908, a second dividend of \$1.00 was paid. On September 15, 1909, the third dividend of \$1.00 was paid. In March, 1910, a dividend of 50 cents was paid. The Steel Corporation has been engaged exclusively in exploration work, drilling and stripping the surface above the ore bodies, and in making arrangements for rapid economical mining. The ore lies as a rule from 60 to more than 100 feet under the surface. In this exploration work it has expended several millions of dollars without extracting a ton of ore. The exploration work showed the mines to contain a much greater amount of ore than was estimated at the time of the contract. The estimates then ranged between 500,000,000 and 750,000,000 tons.

The Great Northern Ry. jointly with the Northern Pacific Ry. controls the Spokane, Portland & Seattle Ry. This line, completed in May, 1909, extends from Portland, Ore., to Marshall, Wash., near Spokane (total, with branch, 420 miles), and affords a through line from Spokane, Wash., to Portland, Ore. The Great Northern Ry. had advanced towards the construction of this line to June 30, 1908, \$21,827,521. To the same date the Northern Pacific Ry. had advanced for the same purpose, \$26,514,803. In 1908-9, the Great Northern Ry. advanced \$376,250 towards the construction of this line. The Spokane, Portland & Seattle Ry. has an authorized bond issue of \$100,000,000, the bonds to bear interest at a rate to be determined from time to time. Of the bonds \$49,000,000 were issuable to complete the 420 miles, the remaining \$50,000,000 being reserved for additional mileage, second track, equipment, etc. The bonds mature May 1, 1958. No bonds had been issued to February 1, 1910.

Under authorization given at the annual stockholders' meeting held October 10, 1907, the Great Northern Ry. purchased and now holds title to properties previously operated independently, the earnings of which were for the most part previously included in the total System earnings. The properties, etc., purchased, had cost and were carried on the books of the selling companies at the aggregate amount of \$246,037,322, and they were taken up on the books of the Great Northern Ry. at the amount of \$241,999,577.

DISPOSITION OF PROCEEDS OF CAPITAL STOCK ISSUED.

The company's reports for past years have stated the purposes for which stock issues have been made and have listed the securities acquired in exchange for the company's capital stock or purchased with proceeds of stock issued for cash. As the larger portion of these securities were used in part payment for the railways, equipment and other property purchased, a general statement of the disposition of the amount realized by the company from the total share capital issued to June 30, 1908, is given as follows (*only \$7,500 stock was issued in 1908-9*):

The cost of securities acquired in exchange for Great Northern Ry.'s stock or with cash realized from issues of that stock, less cost of such securities as had been disposed of to June 30, 1908, was	\$108,559,308.26
Of these securities, stocks costing..... were used in acquiring the railways and properties above stated, and have been retired.	77,846,704.98
Leaving as the cost of securities on hand, same forming a portion of the securities in the company's treasury	\$ 30,712,603.28

The cost of the securities remaining on hand (June 30, 1908) may be classified as follows:

Bonds issued by Cos. whose properties have now been purchased by the Great Northern Ry., and the payment of which bonds has been assumed by the Great Northern Ry. as a part of the purchase price—	
Par \$18,945,969.70; cost	\$ 19,203,753.51
Stocks and bonds of Canadian Cos. whose properties form a portion of the System and are operated by the Great Northern Ry., viz.: Nelson & Fort Sheppard Ry. and Red Mountain Ry.....	2,370,838.58
Stocks and bonds of Terminal Cos. whose property is used by the Great Northern Ry., viz.: St. Paul Union Depot, Minnesota Transfer Ry. and Lake Superior Terminal & Transfer Ry.....	341,700.00
Stocks of Proprietary Cos. whose lines form a portion of the System, but which are independently operated, viz.: Minneapolis Western Ry. and Iowa & Great Northern Ry.....	750,000.00
Stocks of the Great Northern Steamship Co. and Northern Steamship Co.; operated independently.	6,500,000.00
Debenture Stock and Common Shares of the Kootenay Ry. & Nav. Co., Ltd.; operated separately...	1,545,858.04
Balance unpaid on a Town Bond in process of redemption	453.15
Total	\$ 30,712,603.28
Par value of Great Northern Ry. stock issued and outstanding June 30, 1908.....	\$209,962,750.00
Cost of securities acquired with Great Northern Ry. stock or the cash proceeds therefrom, as above..	108,559,308.26
Balance, Cash realized from Great Northern Ry. stock issued and not invested in securities	\$101,403,441.74
This balance was used in part payment of:	
Portion of purchase price of railway properties, etc., acquired, that was paid in cash, being the amount required to redeem and retire the shares of the Capital Stock of the selling companies not owned by the Great Northern Ry.....	\$ 590,071.19
Amounts from time to time advanced Proprietary Cos. and expended for construction and equipment, less net assets taken over and used in reduction of said advances, that were written off as payment in part for the railways, etc., purchased from said companies	30,363,080.91

Carried forward	\$30,953,152.10
Cost of property, equipment, etc., from time to time purchased by the Great Northern Ry. and heretofore carried in "Cost of Properties and Securities Owned by the Great Northern Ry."	
Cost of Road.....	\$ 1,293,393.59
Cost of Equipment.....	24,171,096.97
Cost of Elevator at Minneapolis,, Minn.	237,660.48
Total	25,702,151.04
Amounts expended during the fiscal year ended June 30, 1908, for	
Construction	\$ 7,123,321.78
Equipment	1,007,235.81
Additions:	
On G. N. Ry. Lines.....	2,257,026.09
On Canadian Lines.....	8,552.59
Total	16,396,136.27
Construction advances to June 30, 1908, to Proprietary Cos. whose properties are independently operated:	
Duluth Terminal Ry. Co.....	\$ 174,567.81
Iowa & Great Northern Ry... ..	1,267,788.14
Total	1,442,355.95
Cost of stocks and amounts advanced on Construction Account to June 30, 1908, to the following Canadian Cos. whose properties are operated as a portion of the Great Northern System:	
Midland Ry. of Manitoba.....	\$ 3,110,221.06
Brandon, Saskatchewan & Hudson's Bay Ry.....	2,066,695.72
Crow's Nest Southern Ry....	3,803,279.96
Vancouver, Victoria & Eastern Ry. and Navigation Co... ..	11,585,772.01
Total	20,565,968.75
Amount advanced to June 30, 1908, towards the construction of the Spokane, Portland & Seattle Ry. Co.'s lines of railway.....	21,827,521.24
Total	\$116,887,285.35

NOTE: During 1908-9, there was advanced additional sums to the "Controlled Canadian Co's.," mentioned above, to the extent of \$2,756,710. These advances were largely made (\$2,317,770) to the

Vancouver, Victoria & Eastern Ry. & Navigation Co. \$376,250 was also advanced in 1908-9 towards the construction of the Spokane, Portland & Seattle Ry., as already set forth.

BONDS ASSUMED.

In part payment for the railways and other properties acquired from the St. Paul, Minneapolis & Manitoba Ry. and from sundry proprietary companies, the Great Northern Ry. assumed the payment of the principal and interest of bonds which had been issued by those companies and were outstanding, to the amount of.....		\$125,975,909.09
This amount has been reduced since Nov. 1, 1907... by the redemption of St. P., M. & M. Ry. Consolidated Mortgage 4½% Bonds through the operation of the Sinking Fund.		78,000.00
Leaving outstanding June 30, 1908.....		125,897,909.09
Of this amount there were outstanding in the hands of the public (June 30, 1908; see paragraph below)		97,455,939.39
And held (June 30, 1908) as free assets in the company's treasury		\$ 28,441,969.70
The following is a list of the latter:		
St. P., M. & M. Ry. Co., Pacific Extension 4% Bonds (£2,000,000)		\$ 9,696,969.70
Improvement Bonds		11,910,000.00
Eastern Ry. of Minnesota, Northern Division, First Mortgage, 4% Bonds (see paragraph below)		2,065,000.00
Willmar & Sioux Falls Ry., First Mortgage 5%..		21,000.00
Spokane Falls & Northern Ry., First Mtg. 6%...		2,583,000.00
Duluth, Watertown & Pacific Ry. First Mortgage, 6% Bonds (entire issue).....		1,375,000.00
Park Rapids & Leech Lake Ry., First Mortgage, 5% Bonds (entire issue).....		500,000.00
Columbia & Red Mountain Ry., First Mortgage, 6% Bonds (entire issue).....		291,000.00
Total		\$28,441,969.70

On June 30, 1900, the treasury bonds held as free assets amounted to \$26,378,970. This decrease was due to the disposal of all excepting \$2,000 of the Eastern Ry. of Minnesota Northern Division First Mortgage 4% bonds. The \$2,063,000 of these bonds sold represents the net increase in bonds outstanding June 30, 1909, as compared with June 30, 1908.

Interest is not accrued or paid on bonds held in the company's treasury.

Capital expenditures in 1908-9, made in completing or carrying on the construction of new lines and for preliminary expenses of projected lines, amounted to \$5,064,149.

In 1908-9, Profit and Loss was credited \$7,943,574 representing cash (\$5,525,869) and stocks and bonds (valued at \$2,417,705), turned over to the company by the Lake Superior Co., Ltd. The credit balance to Profit and Loss on June 30, 1909, was \$35,146,545.

IOWA CENTRAL RY.

After 5% has been paid on the preferred and 5% on the common stock, both classes of stock share pro rata. No dividends are being paid.

Large sums were included in operating expenses for improvements until 1903-4. In that year Maintenance of Way expenses were 45% less than in 1902-3. In 1904-5 these expenses were over 20% less than in 1902-3, and the years 1905-6, 1906-7, 1907-8 and 1908-9 showed further decreases in Maintenance Expenses, except that in 1908-9, Maintenance of Equipment Expenses increased \$273,582 as compared with the preceding year, such increase being accounted for almost wholly by the fact that in 1907-8 necessary repairs to the equipment were not made, owing to the destruction by fire, in October, 1907, of the company's shops at Marshalltown, Iowa, and the consequent lack of shop facilities.

Main track contained June 30, 1909:

57 miles of 80-pound steel,	108 miles of 56-pound steel,
203 miles of 70-pound steel,	8 miles of 50-pound iron.
163 miles of 60-pound steel.	

In June, 1900, interests identified with the Minneapolis & St. Louis R. R. obtained control of this road through purchase of stock.

\$340,280 Loans and Bills Payable, which were outstanding June 30, 1908, were paid off in 1908-9. Loans and Bills Payable June 30, 1907, June 30, 1906, and June 30, 1905, were \$1,632,500, \$1,875,000 and \$2,000,000 respectively. The balance sheet as of June 30, 1909, showed Current Assets, \$705,971, and Current Liabilities, \$652,084. There was included among the Current Assets \$280,411 material, fuel and supplies. In addition to above assets, there were in the treasury \$305,000, of a total of \$6,115,000 outstanding First and Refunding Mortgage 4% bonds, against \$1,441,000 of such bonds held on June 30, 1908.

MINNEAPOLIS & ST. LOUIS R. R.

The preferred stock has a prior right to 5% non-cumulative dividends, and after the common has received 5%, shares with it pro rata in further dividends. Dividends are paid semi-annually in January and July on the preferred. Until July, 1904, dividends had been paid for several years on the common stock at the rate of 5%. The dividend on the common stock was passed in July, 1904.

On December 1, 1910, \$636,000 7% bonds mature. \$1,015,000 7% bonds matured on June 1, 1909, of which \$986,000 had been redeemed to June 30, 1909. To provide for the retirement of these bonds, to reimburse the company for cash expended for additions and betterments, and to liquidate the major portion of the floating debt, \$2,365,000 First and Refunding bonds were sold in 1908-9.

Main track contained June 30, 1909:

104 miles of 80-pound steel,	40 miles of 66-pound steel,
1 mile of 75-pound steel,	245 miles of 60-pound steel,
567 miles of 70-pound steel,	51 miles of other weights,

The Minneapolis & St. Louis R. R., the Iowa Central Ry., the Toledo, St. Louis & Western R. R., the Chicago & Alton R. R., the Chesapeake & Ohio Ry. and the Missouri, Kansas & Texas Ry. are controlled by friendly interests.

In 1908-9, Maintenance of Way expenses amounted to \$162,917, against \$656,660 in 1901-2, and the mileage operated in 1908-9 was 1,027 miles, against 633 miles in 1901-2.

On March 1, 1904, the Minneapolis & St. Louis R. R. acquired by purchase the controlling interest in the Des Moines & Fort Dodge R. R., 138 miles owned (156 miles operated). The control was obtained by the purchase of \$2,530,000 par value of common stock of that company (total \$4,283,100) at a cost of \$641,678. The Des Moines & Fort Dodge R. R. has outstanding preferred stock to the amount of \$763,500. All the bonds of the Des Moines & Fort Dodge R. R., \$1,872,000 of 4% bonds, and \$1,200,000 of 2½% bonds matured January 1, 1905, and their retirement was provided for by the sale of \$3,072,000 new First Mortgage 4% bonds, guaranteed, principal and interest, by the Minneapolis & St. Louis R. R. The discount on the sale of these bonds amounted to \$305,200, for which the Des Moines & Fort Dodge R. R. gave to the Minneapolis & St. Louis R. R. its certificate of indebtedness. In 1905-6, this certificate of indebtedness was exchanged for Second Mortgage 5% bonds of that company. The Des Moines & Fort Dodge R. R. is leased by the Minneapolis & St. Louis R. R. for thirty years from January 1, 1905, the rental being all surplus earnings after expenses, interest, betterments, etc.

In 1905-6, 1906-7 and 1907-8, the Minneapolis & St. Louis R. R. expended for betterments, additions and improvements to the property of the Des Moines & Fort Dodge R. R. the sum of \$211,432 and received in part payment for these expenditures

Second Mortgage 5% bonds of that company. On June 30, 1909, \$514,000 of these bonds were owned by the Minneapolis & St. Louis R. R.. In 1908-9, \$12,577 was advanced to the Des Moines & Fort Dodge R. R. to meet that company's deficiency in operations. This sum was credited back to the income of the Minneapolis & St. Louis Ry. in the annual report of that company, as was also the sum of \$103,044 which was similarly advanced to the Minnesota, Dakota & Pacific Ry. (see below). On the table page of this book these items are not included in the Income Account.

The Des Moines & Fort Dodge R. R. was formerly operated under lease by the Chicago, Rock Island & Pacific Ry., but was surrendered to the Minneapolis & St. Louis R. R. upon the expiration of the lease on January 1, 1905.

A portion of this company's line extending from Albert Lea, Minn., to the Iowa State Line, a distance of 13 miles, has been leased to the Chicago, Rock Island & Pacific Ry.

The Minnesota, Dakota & Pacific Ry. was incorporated in December, 1906, to construct a line of railway within the State of South Dakota, from Watertown, S. D., westwardly to Le Beau, on the Missouri River, a distance of about 172 miles, and a branch from Conde, S. D., to Leola, S. D. This new mileage, which was completed in September, 1907, totals 230 miles. To aid in the construction of this road, the Minneapolis & St. Louis R. R. issued in the year 1906, \$5,000,000 5% Five-Year Notes. These notes mature February 1, 1911, and are secured by the entire issue of capital stock and by \$6,250,000 First Mortgage bonds of the Minnesota, Dakota & Pacific Ry.

Not including \$117,000 of Minneapolis & St. Louis R. R. First and Refunding bonds owned, \$514,000 Second Mortgage 5% bonds of the Des Moines & Fort Dodge R. R. owned, \$178,600 other bonds and stocks owned, and \$376,206 material, fuel and supplies, the Current Assets on June 30, 1909, were \$1,015,174; the Current and Accrued Liabilities were \$1,484,134 and Contingent Liabilities were \$548,007, the latter representing credit balances to Rolling Stock Replacement Fund and Reserves for Maintenance, etc. Included in the Current Liabilities were \$250,000 Bills Payable.

MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RY.

The preferred stock has priority over the common stock for non-cumulative dividends of 7% per annum, and is entitled to share pro rata with the common stock any dividends in excess of 7% paid on the capital stock of the company. On October 15, 1903, dividends of 7% and 2% were paid on the preferred and common, respectively, from earnings of the calendar year 1902. Dividends were paid in 1904, 1905, 1906 and 1907, at the rate of 7% and 4%, respectively, in semi-annual payments, April and October. In April, 1908, the semi-annual dividend on the common stock was raised to 3%. In April, 1910, a semi-annual dividend of 3½% was paid.

As of June 30, 1909, the Canadian Pacific Ry. owned \$8,480,000 common and \$4,240,100 preferred stock of this company; also \$3,993,000 Consolidated 4% bonds.

The Canadian Pacific Ry. guarantees the interest on practically all of this company's bonds, including the Consols.

On April 1, 1909, by the expenditure of \$3,661,121, the Minneapolis, St. Paul & Sault Ste. Marie Ry. acquired about 51% of the outstanding common stock of the Wisconsin Central Ry. The latter company has been leased for 99 years; for particulars see under Wisconsin Central Ry.

Stockholders voted September 28, 1907, to increase the authorized stock from \$14,000,000 to \$28,000,000 common and from \$7,000,000 to \$14,000,000 preferred. Stockholders of record on that date were offered the right, until October 31, 1907, to subscribe pro rata at par for \$2,800,000 common stock and \$1,400,000 preferred stock, raising the amount of stock outstanding to \$16,800,000 common and \$8,400,000 preferred stock.

In March, 1909, stockholders were offered the right to subscribe pro rata at par for \$2,016,000 new preferred stock and \$4,032,000 common stock. This stock was paid for in five equal installments, the final payment having been made on October 15, 1909.

The charges to operating expenses have been for years much below those amounts which are commonly accepted as necessary for average maintenance requirements.

During recent years the following appropriations have been made from surplus earnings for additions, improvements and the purchase of equipment:

Year 1901-2.....	\$300,000
Year 1902-3.....	200,000
Year 1903-4.....	250,000
Year 1905-6.....	1,050,000
Year 1906-7.....	800,000
Year 1907-8.....	350,000
Year 1908-9.....	350,000

Below is given the amount of expenditures made in the last six years account of Construction and Equipment and the amount of First Consolidated 4% bonds issued:

	Expenditures.	Consols Issued.
Year 1902-3.....	\$2,091,311	\$2,500,000
Year 1903-4.....	3,884,420	3,572,000
Year 1904-5.....	4,813,261	3,641,000
Year 1905-6.....	6,247,040	5,833,000
Year 1906-7.....	6,616,818	3,500,000
Year 1907-8.....	2,616,826	1,680,000
Year 1908-9.....	3,827,663	1,606,000

This company has since 1890 carried on a large amount of construction work, over 1,000 miles having been constructed. The total mileage on June 30, 1909, was 2,376 miles. Comparison of earnings, etc., is given below:

	Year 1908-9.	Year 1899-0.
Capital Stock per mile.....	\$13,241	\$16,329
Funded Debt per mile.....	24,765	26,187
Gross Earnings per mile.....	5,220	4,006
Gross Earnings	*\$12,194,048	\$5,151,188
Maintenance of Way.....	1,262,244	537,647
Maintenance of Equipment.....	1,364,319	445,793
Balance of Operating Expenses.....	4,288,044	1,571,143
Fixed Charges	3,334,237	1,715,733
Surplus	2,498,052	880,872

*Does not include Revenue from Other Sources in 1908-9, \$320,706.

The Minneapolis, St. Paul & Sault Ste. Marie Ry. completed on July 28, 1909, the tracklaying on a line from Brooten, Minn., to Duluth, Minn., 187 miles. An extension from Carpio, N. D., westward to the Montana state line (about 120 miles) is to be constructed, also a line from Moose Lake, Minn., (near Duluth) to Plummer, Minn., which will provide the shortest line from Chicago to Winnipeg. Work has commenced on this latter line, which, when completed, will be about 200 miles in length.

NORTHERN PACIFIC RY.

In the calendar year 1903, the stock of this road received 7%. In 1904 the stock received 6 1/4% and in 1905, 1906, 1907 and 1909, 7%.

In 1908 the regular dividend of 7% was paid and in addition on December 3 an extra dividend of \$11.26 per share was paid to stockholders out of accumulated surplus of the Northwestern Improvement Co., which company is owned by the Northern Pacific Ry. Dividends are payable quarterly, commencing February.

The balance sheet of June 30, 1908, showed that the Northern Pacific Ry. held among its treasury securities \$7,000,000 bonds and \$2,775,000 stock of the Northwestern Improvement Co., both valued on the books at par value, namely, \$9,775,000. In November, 1909, it was announced that J. J. Hill and the Northwestern Improvement Co. had obtained control of the Spokane and Inland Empire R. R. (See that company.)

On January 7, 1907, the stockholders of the Northern Pacific Ry. authorized an increase in the capital stock from \$155,000,000 to \$250,000,000. Stockholders of record December 31, 1906, were given the right to subscribe for \$93,000,000 new stock at par to the extent of 60% of their respective holdings. Subscriptions for the new

stock were declared payable in nine installments, the last payment having been made January 1, 1909.

The resolutions adopted by the stockholders provided that interest should be paid upon the payments made, quarterly "at the same rate per cent. as the regular quarterly dividends (not including any extra dividends) which from time to time shall be declared and be paid in respect of its present issue of capital stock out of the company's net revenues derived from its current transportation business."

The notice of the special meeting of stockholders was issued on December 12, 1906, and recites in part as follows:

"The rapid growth of population and development of business in the great territory served by your system of railways have overtaxed the capacity of all transportation lines; and that of none more than of your own.

"Since your company began business in 1896, the commercial tons carried one mile upon your railways have increased from 962,487.284 to 5,245,269.080 in the year ended June 30, 1906. In the same period the earnings of the property have increased from \$14,941.818 gross to \$61,223.475 gross, and from \$5,785.945 net to \$30,128,043 net.

"Freight cars have been increased 17,881, passenger cars 369, and locomotives 423. Increase in capacity of freight cars, and in hauling power of locomotives has been much greater than the increase in their number. Nevertheless your railways are unable to promptly move all the business urged upon them, the volume of which is continually growing, and the required improvements and additions are of such a nature that from one to three years will be needed to complete them, owing to the state of labor market and the necessarily slow progress of improvement work on lines already in service moving traffic. In view of these facts, your directors consider it a duty to the public, and to the stockholders of the company, to further considerably increase the company's mileage and facilities. Such increase will require the early raising of large amounts of fresh capital, for which the existing securities of the company would not be available or sufficient. Your directors are of opinion that this can be done to best advantage of the public and the stockholders, by increase of the company's present capital stock of \$155,000,000 by \$95,000,000 of new stock; the legal right of the holders of the existing stock to subscribe ratably for the new, in proportion to their holdings, being observed."

From the surplus earnings there have been appropriated the following amounts for additions, betterments and for new equipment:

Year 1897-8.....	\$811,709
Year 1898-9.....	2,176,619
Year 1899-0.....	3,000,000

Year 1900-1.....	\$2,011,285
Year 1901-2.....	3,000,000
Year 1902-3.....	3,000,000
Year 1903-4.....	3,000,000
Year 1904-5.....	3,000,000
Year 1905-6.....	6,081,980
Year 1906-7.....	5,926,753

In 1907-8 \$2,784,950 was appropriated for Insurance Fund. No special appropriations were made in 1908-9.

On June 30, 1909, Reserve Funds for improvements and for replacement of equipment, etc., had a credit of \$12,138,249, and Insurance Fund Account, a credit of \$5,139,278.

During 1908-9 the Oregon Short Line R. R. Co. (Union Pacific System), disposed of its holdings of the stock of this company. On June 30, 1908, the Oregon Short Line R. R. Co. (Union Pacific System) owned \$1,914,400 par value of capital stock of the Northern Pacific Ry. On June 30, 1907, the Oregon Short Line owned \$4,152,800 full-paid capital stock of the Northern Pacific Ry., also \$2,491,600 par value of the part paid stock. On June 30, 1906, the Oregon Short Line R. R. owned \$13,352,800 capital stock of this company, and on June 30, 1905, owned the equivalent of \$29,290,885 stock.

For details regarding the purchase of control of the Chicago, Burlington & Quincy R. R. jointly by the Great Northern Ry. and the Northern Pacific Ry., see under Chicago, Burlington & Quincy R. R.

As of June 30, 1909, the Northern Pacific Ry. owned 10,160,560 acres of land unsold. 350,060 acres were sold during the year 1908-9 against 150,271 acres sold in 1907-8, 216,743 acres in 1906-7, 164,032 acres in 1905-6, 1,136,703 acres in 1904-5, 425,984 acres in 1903-4 and 2,363,913 acres in 1902-3. Net land sales in 1908-9 amounted to \$1,807,726 against \$1,217,107 in 1907-8, \$1,703,202 in 1906-7, \$1,110,146 in 1905-6, \$794,774 in 1904-5, \$932,945 in 1903-4 and \$6,423,180 in 1902-3. Land contracts on hand June 30, 1909, aggregated \$2,850,212. Included in the number of acres sold in 1904-5, as given above, 1,003,818 acres covered the cancellation of a contract with a company which dissolved, and the resale of the same to members of that company for the amount unpaid on the old contract.

Main track June 30, 1905, included:

490 miles of 85-pound steel,	226 miles of 60-pound steel,
1,607 miles of 72-pound steel,	1,972 miles of 56-pound steel,
964 miles of 66 and 67-pound steel,	74 miles of other weights.

During the years 1905-6, 1906-7, 1907-8 and 1908-9 1,152 miles of main line were relaid with new 85-pound rail (partly 90-pound).

From September 1, 1896, to June 30, 1906, there was expended from Betterment and Enlargement Funds the sum of \$46,516,-210. The total amount available in these funds had been \$46,-575,215, of which amount \$5,000,000 was provided by Plan of Reorganization, \$22,784,791 by sale of Prior Lien and General Lien bonds and \$16,227,449 net moneys from land sales drawn from Trustee. Since July 1, 1906, these funds have not been operated.

Current Assets on June 30, 1909, including \$6,166,686 material on hand, were \$52,595,820 and Current Liabilities were \$14,819,-371. The Liabilities here stated do not include \$17,277,528 to credit of Reserve Accounts and Insurance Fund Account. The balance sheet of June 30, 1909, shows among the assets Treasury Securities to the amount of \$35,827,074 (book value); Insurance Fund Assets, \$5,139,278; Land Department Current Assets (balance), \$2,535,231, and Construction Advances to the amount of \$37,787,431. Of the Construction Advances \$28,888,998 represented advances to the Spokane, Portland & Seattle Ry. Co.

The Northern Pacific Ry. jointly with the Great Northern Ry. completed in May, 1909, the construction of a line, known as the Spokane, Portland & Seattle Ry. from Portland, Ore., to Spokane, Wash., the total mileage with branches being 420 miles. To June 30, 1909, the Northern Pacific Ry. had advanced \$28,-888,998 to the Spokane, Portland & Seattle Ry., and the Great Northern Ry. had advanced over \$22,000,000. See under Great Northern Ry. During the year ending June 30, 1909, the gross earnings of the Spokane, Portland & Seattle Ry. were \$1,155,545 and the net earnings were \$362,335. For the six months, July to December, 1909, inclusive, the gross earnings, with the road in full operation, were \$1,694,647, and net earnings were \$662,580, both totals being considerably in excess of the figures shown for the entire fiscal year 1908-9.

During 1908-9, expenditures were made and charged to Capital Account to an aggregate amount of \$14,894,753 (against \$24,302,672 in 1907-8), and additional advances were made to sundry companies for construction purposes, aggregating \$7,046,395 (against \$10,922,058 in 1907-8).

SPOKANE & INLAND EMPIRE R. R.

The preferred certificates (authorized issue \$10,000,000) are entitled to 5% dividends, non-cumulative until January 15, 1911; after that date cumulative. It is further provided that, after 5% shall have been paid in any year on the stock of the company, further dividends up to 7% shall be for the equal benefit of both issues, the maximum annual payment on the preferred certificates being limited to 7%. The preferred certificates are redeemable at 135, at the option of the company, and have no vote.

An initial dividend of $1\frac{1}{4}\%$ was paid on the preferred certificates, on January 21, 1907. In 1907, 5% was paid on the preferred certificates, quarterly. No dividends were paid in 1908 and in 1909.

In November, 1909, a majority of the common stock large enough to carry with it the control of this company was acquired by the Northwestern Improvement Co., a subsidiary of the Northern Pacific Ry.

The charter of the Spokane & Inland Empire R. R. is very broad and liberal, and authorizes the company to construct and operate electric railways, street railways, develop electric power plants and generate, distribute and sell electric energy for light, heat and power. The Spokane & Inland Empire R. R. is a consolidation of the following companies:

- The Spokane & Cœur d'Alene Ry., (41 miles),
- The Spokane Traction Co., (32 miles),
- The Spokane Terminal Co., (2 miles),
- The Spokane & Inland Ry., (129 miles),
- The Spokane Power Development Co.

The Spokane & Inland Empire R. R. serves a rapidly developing territory, unusually rich in agricultural products, lumber and minerals.

The Spokane & Inland Empire R. R. Co. owns and operates an electrically equipped, high-speed railroad system comprising 169 miles single track, 128 miles extending south from Spokane to the cities of Colfax and Moscow, 41 miles extending east from Spokane to Cœur d'Alene City and Hayden Lake, Idaho, including a branch to Liberty Lake. In addition the Company owns and operates an electric railroad of 32 miles in the City of Spokane, serving the business district and growing residential sections, and connecting the freight and passenger terminals of the Company.

The Cœur d'Alene line to the east occupies the valley of the Spokane River for 34 miles to the City of Cœur d'Alene at the outlet of Cœur d'Alene Lake, where connection is made by fast steamers with the numerous towns upon the lake and its tributary rivers. At Harrison, Idaho, at the head of the lake, the steamers connect with the Oregon Railroad & Navigation Co., thus forming the shortest through line to the extensive Cœur d'Alene mining country. From Cœur d'Alene a branch extends 8 miles to Hayden Lake.

The Company also owns valuable freight and passenger terminals in the center of the City of Spokane. The freight terminal property is situated between the Northern Pacific Ry. and Great Northern Ry. railroad terminals and has physical connection with all roads entering Spokane. It affords an entrance to the city at more favorable grades than any other road, and, because of the limited area available for such purposes, it is impossible to duplicate it. The property is improved with extensive brick freight houses, shops and

car barns. The passenger terminal consists of a large area in the heart of the city of ample size for present and future needs, upon which has been erected a handsome building in use as a depot and for the general offices of the Company.

The Company owns a valuable water power plant now completed on the Spokane River, 9 miles below the city, consisting of a concrete dam 60 feet high and a concrete and steel power-house, which contains hydraulic and electrical machinery capable of generating 10,000 H. P. The riparian rights owned cover all of the water in the river at this point, which is sufficient for the present installation at the lowest stages of the river. A considerable reservoir capacity is also provided, which will admit of a larger development when needed, for which provision has been made in the power-house. The annual report for 1908-9, stated that during 1909-10 it would be necessary to increase the plant 10,000 H. P.; also that the net earnings of the power plant for the year 1909-10 were estimated at \$140,000, exclusive of the amount required for the operation of the railway line.

The physical property is of the best type known to modern practice. The lines of the Spokane & Inland Empire R. R. Co. should be considered from the steam railroad standpoint rather than from that of the electric railroad, as they transport all kinds of heavy and light freight as well as passengers; have freight and passenger terminals in the heart of the city, and interchange freight with the trunk line steam railroads on favorable terms. Aside from the city mileage the road is constructed, in accordance with standard steam railroad specifications, with 70-pound rails, the only difference being in the form of motive power, which is the most modern type of electrical equipment. Single phase alternating current is employed in the operation of the Colfax and Moscow lines. For freight operation 50 to 70-ton electric locomotives are used, and the passenger equipment for city and interurban service compares favorably with that of the best roads in the East.

The lines to Colfax and Palouse were not placed in operation until October 10, 1907. The extension to Moscow, 16 miles, was placed in operation in September, 1908.

The new power plant, completed early in 1908, furnishes power for use in the operation of a large portion of the Company's lines. The Company is being furnished additional power by the Washington Water Power Co. at \$20 per horse power per annum; 3,800 horse power, the minimum amount permitted by the contract, is being used. The contract with the latter company will terminate in about five years.

On June 30, 1909, there were outstanding \$3,935,000 of an authorized issue of \$15,000,000 First & Refunding Mortgage 5% bonds, dated May 1, 1906, and due May 1, 1926. Interest on these bonds is payable semi-annually, May and November. The Trust Deed provides for a sinking fund to be paid to the Trustee to retire

bonds of this issue as follows: 1% of the outstanding bonds in each of the years 1911 to 1915; 1½% in each of the years 1916 to 1920; and 2% in each of the years 1921 to 1925. The Trust Deed provides for the issuance of bonds of this issue for not to exceed 75% of the cash cost of permanent extensions and additions, provided, however, that the net earnings, for the year prior to the time of such issuance, shall have been not less than double the annual interest charge on the bonds outstanding and to be issued.

The balance sheet of June 30, 1909, showed Term Notes outstanding, \$1,455,217.

In addition to expenditures made from the proceeds derived from the sale of the bonds and notes above mentioned, there has been provided by the holders of preferred certificates and stock, and expended on the property, upwards of \$6,000,000; accordingly, the preferred certificates now outstanding represent a cash investment to an amount in excess of the par value thereof.

In the annual report for 1907-8 the president said in part: "The physical condition of the properties has been kept up to the highest standard, and additional equipment has been added when needed. The total expenditures for the year ending June 30th, 1908, for New Lines and Extensions, Equipment and Additions and Betterments, has been \$1,746,417.02, of which \$333,140.85 was expended on Power Plant and \$152,958.17 for Extensions and Equipment of the Traction System, and the balance \$1,260,318.00 upon the Inland and Cœur d'Alene Divisions, including their terminals." The total expenditure for the year 1908-9, for new lines and extensions, equipment and betterments, was \$771,562.

In all probability the line to Colfax will be extended via Moscow to Lewiston, Idaho, on the Snake River.

The statement below shows the operations of the Spokane & Inland Empire R. R. from January 1, 1909, to December 31, 1909, showing the earnings for a year with the full mileage (201 miles) in operation:

INCOME ACCOUNT.

Gross Earnings	\$1,608,489
Operating Expenses	929,534
Net Earnings	678,955
Total Net Income	678,955
Interest and Taxes (\$45,000)	292,450
Surplus	386,505

OPERATING EXPENSES.

Maintenance of Way	\$169,466
Maintenance of Equipment	123,282
Traffic Expenses	24,683
Transportation Expenses	504,868
General Expenses	107,235

The Gross Earnings amounted in the calendar year 1909 to \$8,002 per mile against \$6,284 per mile in the calendar year 1908.

UNION PACIFIC R. R.

The preferred stock is limited to non-cumulative dividends of 4% per annum. In October, 1906, the dividend on the common stock was raised from 6 to 10% per annum. When the dividend was increased the announcement was made that the additional 4% per annum was declared from the company's income from investments. Dividends on the preferred stock are paid semi-annually in April and October, and on the common stock quarterly, beginning January 1.

On June 30, 1904, there were outstanding, \$87,257,000 First Lien Convertible 4% bonds, convertible at the option of the holder at any time before May 1, 1906, into common stock at par and redeemable after that date at 102½% of par value. Original issue of these bonds was \$100,000,000, issued to provide funds to pay for the Southern Pacific Co. stock purchased, and for other purposes. On June 30, 1906, there were outstanding \$581,000, the balance of the issue having been exchanged for common stock. The unexchanged bonds were called for redemption on November 1, 1906. The mortgage securing the bonds was satisfied and discharged on January 7, 1907, and all securities pledged thereunder and about 858 miles of railway became a free asset of the company.

From the surplus earnings the following amounts have been appropriated for betterments, additions and equipment:

Year 1900-1.....	\$1,500,000
Year 1901-2.....	2,000,000
Year 1902-3.....	2,000,000
Year 1903-4.....	3,500,000
Year 1904-5.....	4,479,165
Year 1905-6.....	4,200,000
Year 1906-7.....	1,959,002

No similar appropriations were made in 1907-8 or in 1908-9.

Operating expenses in 1905-6, were charged \$2,206,610, which sum was credited to a reserve fund for future maintenance, renewals, etc. No such charges were made in later years.

On June 30, 1907, the Reserve Funds for betterments, maintenance, etc., showed credit balances to an aggregate amount of \$10,564,616. During 1907-8 these balances were written off and credited to Profit and Loss.

On February 1, 1905, \$10,000,000 Collateral Notes and \$82,491,000 Oregon Short Line R. R. 4% and participating bonds were retired. Of the participating bonds all except \$35,960,000 were owned by the Union Pacific R. R. For the purpose of retiring these bonds and for other corporate purposes the Oregon Short Line R. R. issued under an indenture dated December 1, 1904, its 4% Refunding 20-year bonds to the amount of \$100,000,000. Of this issue \$45,000,000 were, on June 30, 1909, in the hands of the public; the remain-

ing bonds, amounting to \$55,000,000, were held by the Union Pacific R. R. as a free asset in its treasury.

Not including the \$55,000,000 Oregon Short Line R. R. Refunding bonds, and not including \$101,724,660 other bonds and stocks of the Union Pacific R. R. and Auxiliary Cos., owned by the Union Pacific R. R. and Auxiliary Cos. (of which \$59,285,500 unpledged), there were owned on June 30, 1909, by the Union Pacific R. R. and Auxiliary Cos., \$317,642,925 bonds and stocks of other companies. These latter securities were included in the assets at a valuation of \$209,974,387. Of the \$317,642,925 face value of these securities \$202,947,525 face value were unpledged on June 30, 1909. In the list of the stocks of other companies held on June 30, 1909, appear the following:

STOCKS OWNED OF OTHER COMPANIES.

	Par Value.
Atchison, Topeka & Santa Fe Ry. pfd. (cost 103.95) (a) \$10,000,000	
Baltimore & Ohio R. R. preferred (cost 92.50)	7,206,400
Baltimore & Ohio R. R. common (cost 120.00)	32,334,200
Chicago & Alton R. R. preferred (cost 86.50)	19,343,100
Chicago & Northwestern Ry. common (cost 181.07) ..	3,215,000
Chicago, Milwaukee & St. Paul Ry. pfd. (cost 100.00)	1,845,000
Great Northern Ry. Iron Ore. Cfs. (58,864 shares) .. (b)	
Illinois Central R. R. stock (cost 163.30)	22,500,000
New York C. & H. R. R. stock (cost 137.44) (c)	14,285,700
Northern Securities Co. stubs	724,900
Railroad Securities Co. preferred (cost 191.05)	1,935,900
Railroad Securities Co. common (cost 142.98)	3,482,900
San Pedro, Los Angeles & Salt Lake R. R. stock (one-half)	12,500,000
Southern Pacific Co. preferred	(d) 34,200,000
Southern Pacific Co. common	(e) 90,000,000
St. Joseph & Grand Island R. R. first preferred	932,200
St. Joseph & Grand Island R. R. second preferred	1,250,000
St. Joseph & Grand Island R. R. common	2,000,000

(a) Sold in July, 1909, to Kuhn, Loeb & Co.

(b) Sold in July, 1909, for \$2,933,334 cash. On June 30, 1908, 77,164 shares were owned.

(c) Company was given privilege on December 10, 1909, to subscribe to 25% additional N. Y. Central stock at par.

(d) Since converted into common stock.

(e) Holdings increased to \$124,200,000 due to conversion of preferred stock into common stock.

Of the securities listed above, all were held unpledged in the treasury of the company as free assets, with the exception of the common stock and \$18,000,000 preferred stock of the Southern Pacific Company. Among the unpledged bonds owned of other companies on June 30, 1909, were \$20,000,000, one-half the outstanding First

Mortgage 4% bonds of the San Pedro, Los Angeles & Salt Lake R. R.

The company received in 1908-9, as dividends on its investment stocks owned, about \$15,000,000.

The lines of the San Pedro, Los Angeles & Salt Lake R. R. aggregate about 1,000 miles, the main line extending from Salt Lake City, Utah, to San Pedro (near Los Angeles) on the Pacific coast. The Oregon Short Line R. R. (Union Pacific System) owns a one-half interest in this company. During the year the Union Pacific R. R. (Oregon Short Line) subscribed for \$37,200,000 Southern Pacific Convertible 4% bonds at \$960 per \$1,000 bond. \$32,500,000 of these were later sold at prices averaging \$984.08 per bond.

The stocks of the Baltimore & Ohio R. R., held in the treasury on June 30, 1909, were previously owned by companies in the Pennsylvania R. R. System.

On June 30, 1909, the Chicago & Northwestern Ry. owned \$4,-171,500 preferred stock of the Union Pacific R. R., carried on the company's books at a valuation of \$3,910,576.

See Toledo, St. Louis & Western R. R. as to controlling interest owned by that company in the capital stock of the Chicago & Alton R. R.

The state of the account in respect of the cost of the stock of the Northern Securities Co. and of the stocks of the Great Northern Ry. and of the Northern Pacific Ry. companies received in the distribution of the assets of the Securities Company, also in respect of the transactions growing out of the stocks subsequently acquired under subscription rights and of the proceeds from the sales of these stocks to June 30, 1909, is as follows:

Cost of 824,918.71 shares Northern Securities Co. stock \$79,459,691
Paid for:

73,589.60 shares Great Northern Ry Co. stock	\$7,358,960	
Great Northern Ry. Co. subscription receipts for 2,600 shares.....	281,837	
Northern Pacific Ry. Co. subscription receipts for 34,516 shares.....	2,290,913	
		9,931,710

Total cost\$89,391,401

Amounts realized from stocks sold.

100,000. shares Northern Securities Co. stock (sold prior to the distribution of the Great Northern Ry. Co. and the Northern Pacific Ry. Co. stocks).....	\$16,880,020
.18 shares Northern Securities Co. stubs	56

THE EARNING POWER

Total cost	\$89,391,401
Carried forward	\$16,880,076
290,709.89 shares Great Northern Ry. Co. stock	65,541,737
281,828.82 shares Northern Pacific Ry. Co. stock	54,986,402
51,500. shares Great Northern Ry. Co. ore certificates.....	3,725,342
Northern Pacific Ry. Co. subscription receipts for 34,516 shares.....	3,054,509 "
Great Northern Ry. Co. subscription receipts for 2,000.60 shares.....	255,941
	\$144,444,007

Amount realized from sales in excess of the total cost of stocks (besides 38,864 shares Great Northern Ry. Co. ore certificates, and 7,249 shares Northern Securities Co. stubs still on hand unsold) \$55,052,606

As previously stated the remaining shares of the Great Northern ore properties (38,864 shares) were sold for \$2,933,334 cash.

Of the full paid capital stocks stated above as having been sold to June 30, 1909, there were sold during 1908-9, \$3,578,600 Great Northern Ry. stock, 38,300 shares Great Northern Iron Ore Properties and \$1,914,400 Northern Pacific Ry. (this however not fully paid) stock, against in 1907-8, about \$9,100,000, Great Northern Ry. stock and \$4,040,000 Northern Pacific Ry. stock. For the stocks sold prior to June 30, 1907, the average price realized per share was \$168.80 for Northern Securities Co., \$304.41 for Great Northern Ry. Co., \$208.76 for Northern Pacific Ry. Co. and \$77.41 for Great Northern Ry. Co. Ore Certificates. At these prices the dividends averaged per annum 2.67% on Northern Securities Co. stock, 2.30% on Great Northern Ry. Co. stock, and 3.35% on Northern Pacific Ry. Co. stock, or an average of 2.79% for all.

There was also sold during 1908-9, \$7,280,000 par value Chicago, Milwaukee & St. Paul Ry. common stock for \$9,982,187 and \$641,565 par value Illinois Central stock for \$948,806.

The Union Pacific R. R. (Oregon Short Line R. R.), as previously stated, subscribed in accordance to privilege to \$37,260,000 Southern Pacific Co. 20-year Convertible 4% bonds at 96. \$32,500,000 of these bonds were subsequently sold at an average price of \$984.08, there remaining in the treasury, June 30, 1909, the unsold balance of these bonds, viz.: \$4,760,000. The profit derived from the sale of these \$32,500,000 bonds was about \$782,600.

The proceeds derived from the sale of the above mentioned securities were largely reinvested in other securities listed in the statement given first above of securities of other companies owned on June 30, 1909. The annual reports for 1906-7, 1907-8 and 1908-9 de-

scribe in full these transactions. At the market prices of June 30, 1909, the result of the various sales and purchases showed a net increase in the value of reinvestments of a very large amount; in addition the annual income return from the investments has largely increased.

The Southern Pacific Co. is engaged in the construction of rail-ways in the Republic of Mexico under concessions and subventions which made it important, notwithstanding the monetary stringency which existed the early part of the year 1907-8, that the work should be prosecuted without interruption. To provide the funds for this work and for other important work it was deemed expedient to aid said company in temporarily financing its expenditures; accordingly the Union Pacific R. R. advanced large sums to that company. The sums thus advanced amounted to \$45,376,389.27 on June 30, 1908. The Southern Pacific Co. repaid these advances in full during 1908-9.

The Profit and Loss surplus at the close of the year 1908-9 amounted to \$83,007,789.

The Profit and Loss surplus as of *June 30, 1907*, amounted to \$52,977,821. However, the actual annual surpluses since the company's reorganization to the date mentioned aggregated a much larger amount. The Profit and Loss surplus of \$52,977,821 (June 30, 1907) was the sum that remained after applying against this account profits applied in diminution of the cost of stocks and bonds, appropriations from income applied in writing down the cost of railways, equipment, and appurtenances, and, also, liabilities created by appropriations from income and by charges to expenses. The items thus applied have been reported in detail in the several annual reports and were as follows:

Profits from sale of Northern Securities, Great Northern, and Northern Pacific stocks in excess of their cost (\$34,665,708), credited against the aggregate cost of stocks and bonds (less \$4,955,479 credited to Profit & Loss in the year 1904-5)	\$29,710,229
Appropriations from income for betterments and additions applied in writing down cost of railways, equipment, and appurtenances	16,959,816
Received from improvement and equipment fund applied in writing down cost of changes in line.....	7,252,037
Appropriations from income for a reserve fund for future betterments, additions, and new equipment..	* 4,678,351
Charged to expenses for a reserve fund for maintenance, renewals, etc.....	* 4,774,610

Total of items not included in the Profit & Loss surplus as of June 30, 1907..... \$63,375,043

*See paragraph next following.

Under the classification of revenues and expenses promulgated by the Interstate Commerce Commission in effect since July 1, 1907, the reserve funds established in former years for maintenance and renewal were not available for the payment of extraordinary repairs and renewals growing out of damages by floods and other exceptional causes. The sum to the credit of this fund, amounting to \$4,774,610 as stated above, was written off, as was also the credit to the reserve fund established for betterments, etc., amounting to \$4,678,351 (above), both the sums mentioned having been credited to Profit & Loss in 1907-8. The 1907-8 Profit & Loss was charged \$10,970,722 for full discount and commission on bonds sold and delivered during that year. In 1908-9 Profit & Loss was charged \$2,130,817 discount on bonds sold or extended during the fiscal year. Profit & Loss was credited with \$2,860,800, this representing the difference between \$6,075,200 par value convertible bonds (see below), retired and cancelled, and \$3,814,400 par value common stock issued in exchange therefor.

As of June 30, 1909, the Union Pacific R. R. and the Union Pacific Land Co. owned 1,172,841 acres of land unsold, the value of which was estimated at \$1,205,032. Principal of deferred payments on land contracts amounted, June 30, 1909, to \$5,777,070 (of which \$2,650,700 due to the Union Pacific Land Co.); 184,069 acres were sold during the year 1908-9, and cash and principal of deferred payments, etc., received was \$790,696.

Main and second contained, June 30, 1909:

841 miles of 60-pound steel.	1,267 miles of 70-pound steel,
17 miles of 85-pound steel.	30 miles of 67-pound steel,
102.5 miles of 80-pound steel.	1,142 miles of 60-pound steel,
748 miles of 75-pound steel.	568 miles of 56-pound steel,
268 miles of other weights.	

The amount of main and second tracks laid with 70-pound and heavier rail was equivalent to 70% of the total mileage.

On June 30, 1909, about 352 miles were under construction, of which about 87 miles were completed.

The balance sheet of the Union Pacific R. R. and Auxiliary Cos. showed, on June 30, 1909:

Current Assets, including \$11,083,191 material, fuel and supplies, and \$45,700,451 cash and demand loans..	\$ 70,634,928
Advances for construction and acquisition of new lines	39,927,686
Ocean steamships	5,119,723
Rolling stock	9,646,501
Other deferred assets.....	1,805,715
Total	\$127,134,553
Current Liabilities (including July 1 and Oct. 1 divs.)..	\$ 22,080,571
Deferred Liabilities	1,199,203
Total	\$ 23,288,774

The above statement does not include \$3,117,301 due on land contracts, nor does it include \$6,736,903 contingent liabilities, representing, for the most part, amounts due proprietary companies and Union Pacific Coal Co.

The ocean steamships mentioned above are chartered to the Pacific Mail Steamship Co.

Late in 1907 the Company sold \$73,762,000, face value of an authorized issue of \$75,000,000 of "Twenty-year Four Per Cent. Convertible Gold Bonds," and the proceeds were applied to the discharge of current liabilities. These bonds were offered to stockholders at 90. They bear interest from July 1, 1907, mature July 1, 1927, and are convertible at the option of the holder into common stock at \$175 per share. The bonds may be called for redemption by the company on July 1, 1912, or on any semi-annual interest day thereafter, on ninety days' notice, at 102½. In the event of the bonds being called for redemption, the privilege of conversion will terminate thirty days before the redemption date. \$38,503,000 of these bonds remained unconverted on January 3, 1910. The amount of common stock outstanding was increased from \$104,302,100 as of June 30, 1909, to \$215,833,900 on January 1, 1910, through the conversion of bonds into stock.

In June, 1908, there were sold \$50,000,000 of an authorized issue of \$200,000,000 First Lien and Refunding Gold 4% bonds due 2008. Of these bonds \$100,000,000 are reserved to retire the First Mortgage 4% bonds due 1947 and the balance (\$50,000,000) were reserved to construct or acquire additional lines. To June 30, 1908, there had been issued \$23,296,568 bonds of this issue, and to June 30, 1909, there had been issued \$57,802,000 bonds, of which \$4,002,000 were held unpledged in the treasury.

The receipts for the year 1908-9 were the largest in the history of the companies forming the Union Pacific System, since their reorganization in 1868. Excluding the \$15,830,963 net income from investments and dealing only with the transportation operations, they compare with those for the year 1897-8 as follows:

		Receipts Over Ex-	
Year Ended.	Miles Operated.	Gross Receipts.	penses and Taxes.
June 30, 1909.....	6,062	\$77,360,429	\$38,286,791
June 30, 1898.....	5,326	32,631,769	13,051,478
Increase	736	44,728,660	25,235,313
Per Cent.....	13.8%	137%	193%

Following is a statement showing changes in equipment on hand June 30, 1909, as compared with total equipment on hand February 1, 1898:

	June 30, 1909	Feb. 1, 1898	Inc.
Locomotives.....	1,088	527	561
Passenger Equipment.....	711	329	382
Freight Equipment	26,470	10,835	15,635
Other Equipment.....	3,728	178	3,550

\$4,993,000 Utah & Northern Ry. Co. First Mortgage 7% bonds matured on July 1, 1908. They were extended at 4% for 25 years.

On June 30, 1909, the Union Pacific R. R. and the Southern Pacific Co. each owned one-half of the \$10,800,000 paid-up capital stock of the Pacific Fruit Express Co.

SOUTHERN PACIFIC CO.

In 1904-5 the Southern Pacific Co. sold to its stockholders at par, \$39,569,840 of an authorized issue of \$100,000,000 of 7% non-cumulative preferred stock, redeemable at 115 at any time between July 1, 1905, and July 1, 1910, and convertible into common stock at par at option of holder. Early in 1907-8, \$35,296,623 additional preferred stock was sold to the stockholders at par. In 1908-9 the preferred stock was called for redemption, the holders being given the opportunity either to take advantage of the conversion privilege or to receive, per \$100 stock, \$20 in cash and \$100 in 4½% 26-year debenture bonds. Nearly all of the preferred stockholders exchanged their preferred stock for common stock. Only \$227,000 preferred stock was exchanged for the bonds.

On October 1, 1906, an initial semi-annual dividend of 2½% was paid on the common stock. On April 1, 1907, 2½% was paid, on July 1, 1907, a quarterly dividend of 1¼% was paid, and thereafter 1½% quarterly, beginning October 1, 1907. Coupon number 14 was paid on April 1, 1910.

Early in 1909, \$81,814,000 convertible 4% bonds were sold. These bonds are convertible into common stock at 130 to June 1, 1919. See following for full particulars.

On June 30, 1909, the Oregon Short Line (Union Pacific System) owned \$34,200,000 preferred stock and \$10,000,000 common stock of the Southern Pacific Co.

On June 30, 1909, the holders of stock of the Southern Pacific Co. numbered 14,277, as compared with 3,910 on June 30, 1906.

Of the total stocks of Proprietary Cos. outstanding on June 30, 1909, amounting to \$335,616,272, there were owned by the Southern Pacific Co. \$335,192,398, and there were held in the treasury of one of the Proprietary Cos. \$349,500, leaving outstanding in the hands of the public but \$74,373.

In order to meet the expenditures incurred for account of the Proprietary Cos., for the construction of new lines, for betterments and additions to existing lines and for the acquisition of other property in their interest, the Southern Pacific Co. had borrowed to June 30, 1904, large sums of money. The proceeds from the sale above mentioned of the first issue of preferred stock provided for the payment of these loans and a considerable sum of free and negotiable assets was left in the treasury as working capital, and

the company was thereby placed in position to refund bonded obligations maturing during the years 1905 and 1906 on a much more favorable basis of credit.

To provide funds for the retirement of bonds of the constituent companies merged by consolidation into the Southern Pacific R. R. Co. and for the acquisition of additional property, etc., the latter company in January, 1905, authorized the issue of First Refunding Mortgage 4% bonds to the amount of \$160,000,000, to be applied as follows:

For general corporate purposes.....	\$25,000,000
For refunding, etc., old bonds.....	93,682,500
For general refunding purposes.....	15,000,000
For construction and acquisitions, etc.....	26,317,500
Bonds under this mortgage were issued in 1904-5 as follows:	
For general corporate purposes.....	\$25,000,000
For retiring like amount of old bonds.....	44,517,000
For refunding outstanding old bonds.....	5,483,000

Of the \$44,517,000 old outstanding bonds retired in 1904-5, \$6,043,500 were 6% bonds, and \$37,473,500 were 5% bonds.

In 1905-6, \$12,000 of the First Refunding Mortgage bonds were purchased and cancelled; in 1906-7, \$13,000 of these bonds were purchased and cancelled, and \$13,527,000 were issued to provide for the payment at maturity of about \$12,500,000 6% old bonds. In 1907-8 and in 1908-9, \$13,000 and \$12,000 of these bonds were purchased and cancelled. In 1908-9, \$20,918,000 of these bonds were sold (this amount included \$7,332,000 owned on June 30, 1908, by the Southern Pacific Co.), raising the amount of these bonds outstanding to \$106,951,000. Of these bonds sold in 1908-9, \$13,365,000 were issued for new equipment, additions, etc., \$6,053,000 for old bonds paid off and \$1,500,000 for expenses of refunding.

During the five fiscal years to July 1, 1908, the net increase in the funded and fixed interest-bearing debt of the Southern Pacific Co. and Proprietary Cos. amounted to only \$23,861,916. The increase in 1908-9 amounted to \$94,162,237, largely due to the issue of the 20-year 4% Convertible Bonds.

In the next few years a large amount of high-rate interest bonds of the Southern Pacific Co. and some of the Proprietary Cos. mature. The total amount of 6% bonds maturing prior to January 1, 1913, exceeds \$25,000,000. Subsequent to the date mentioned, a further large amount of high-rate interest bonds mature, including in 1918, \$5,000,000 7% bonds.

On June 30, 1909, the combined Assets and Liabilities of the Southern Pacific Co. and its Proprietary Cos. (excluding all offsetting accounts between the companies and the cost of stocks and bonds owned by the Southern Pacific Co.) compared with those of the preceding year, as follows:

THE EARNING POWER

ASSETS, June 30, 1909.	Amount.	Increase.	Decrease.
Cash and cash equivalents.....	\$45,471,400	\$22,567,025	
Demand loans and time deposits.....	11,450,000	11,450,000	
Material, fuel and supplies.....	13,094,644		\$2,130,280
Advances for construction and acquisition of new lines, including electric lines in California	84,073,969	22,927,570	
Floating equipment and rolling stock	18,170,054		*8,154,444
Terminal real estate and other	17,340,950	1,481,172	
Advances for closing Colorado River Crevasse.....	3,769,866	251,714	
Total current and deferred assets	\$193,388,852	\$48,401,657	
Contingent assets	4,935,698	414,993	
Total	\$198,324,550	\$48,816,650	

* Represents free equipment sold to Proprietary Companies.

LIABILITIES, June 30, 1909.	Amount.	Increase.	Decrease.
Cash accounts	\$11,958,367	\$1,188,554	
Interest and dividends.....	16,122,638	766,832	
Loans and bills payable.....	150,000		\$52,472,648
Deferred liabilities	1,675,561	616,841	
Total current and deferred liabilities	\$29,906,566		\$49,900,721
Contingent liabilities, viz.:			
Insurance, replacement and depreciation funds .....(a)	\$5,052,632	\$92,436	
Reserve funds.....(b)	6,534,446		1,215,128
Principal of deferred payments on land contracts..	374,179		109,237
Unadjusted claims and accounts	3,497,850	497,139	
Fund for refunding old bonds of Southern Pacific R. R. Co.	973,453	973,453	
Total	\$46,339,126		\$49,662,058
Assets in excess of liabilities.....	\$151,985,424	\$98,478,798	

(a) *Provided by deductions from receipts and by charges to operating expenses.*

(b) *For replacement and depreciation of floating equipment and rolling stock.*

The payments received on the subscriptions to new preferred stock amounted to \$16,141,915 to June 30, 1907, and during 1907-8, \$19,154,708 was received; these receipts were applied to the discharge of current liabilities.

The floating equipment and rolling stock (mentioned above in the statement of Assets) comprised 13 ocean steamships, 4 tugs, 42 barges, 286 locomotives, 127 passenger cars, 3,680 freight train cars, and 279 service cars.

The Southern Pacific Co. advances to the Proprietary Cos. the funds required by them for the construction of extensions, for additions, betterments, and equipment, and for terminal properties; also for the construction of new lines and for the acquisition of properties important in the development of the business of the respective companies or in the economical operation of their properties. During the progress of the work the sums thus furnished are carried by the Southern Pacific Co. until it is deemed well to dispose of the securities received in payment for such construction, equipment, or other property. Such advances and expenditures amounted, on June 30, 1909, to \$119,594,883. Of this sum, \$84,073,969 was for the construction and acquisition of new lines (including electric lines); \$17,349,959 for terminal real estate and other property, and \$18,170,954 for rolling stock and floating equipment, as enumerated in preceding paragraph.

The company is building railways in the Republic of Mexico under concessions and subventions which make it important that the work should be prosecuted without interruption. These concessions aggregate about 1,503 miles of railway, of which 784 miles were completed to June 30, 1909. The sums required in temporarily financing the company's expenditures for this and other important work under way were in part secured from the Union Pacific Railroad Co. The sums thus obtained amounted, on June 30, 1908, to \$45,376,389, all of which was repaid during 1908-9.

In addition to the advances and expenditures aggregating \$119,594,883 (referred to above) the company owned and held as free assets on June 30, 1909, stocks of the Pacific Fruit Express Co. and Los Angeles Ry., stocks and bonds of the Associated Oil Co., Pacific Electric Ry., Northwestern Pacific R. R., and other companies, acquired at a large cost.

The total amount of advances, etc., covering expenditures such as above described, was on December 31, 1908, \$154,378,903, against which no capital obligations had been issued. As a result, the company announced in February, 1909, that there was presently required for discharge of loans, for new equipment and for construction, etc., the sum of \$66,858,968. To provide the funds

necessary to meet these requirements, and for future betterments and additions, etc., an issue of \$82,000,000, Twenty-Year Convertible 4% bonds was authorized.

The bonds are dated June 1, 1909, mature June 1, 1929, and the interest is payable March and September. The entire issue, but not a part thereof, may be called for redemption on March 1, 1914, or on any semi-annual interest day thereafter on 90 days' notice at 105 and interest. The bonds are convertible at the option of the holder at any time prior to June 1, 1919, into common stock at \$130 per share. If the bonds are called for redemption during the conversion period, they may be converted into stock, up to 30 days prior to the redemption date.

Holders of preferred stock and common stock were given the privilege to subscribe for the new Convertible Bonds at 96% and interest, on or before April 20, 1909, for an amount equal to 30% of their respective holdings of stock. \$81,814,000 of these bonds were issued, of which about \$74,141,000 were outstanding January 3, 1910.

As stated on the statistical page of this book, the Southern Pacific Co. and Proprietary Cos. held in their treasuries, as free assets, \$2,651,500 par value of bonds, such bonds being included in the \$465,918,859 bonds there shown as outstanding on June 30, 1909. In addition the Southern Pacific Co. held in its treasury on that date \$17,524,000 of its Two-Five-Years 4% bonds, said bonds not being included in the amount of bonds outstanding on June 30, 1909.

The total surplus earnings for the twelve fiscal years to July 1, 1909, after payment of fixed and other charges, amounted to over \$161,000,000, and the total amount of the dividends paid from the surplus of these years (including \$8,788,788, the amount of the July, 1909, dividend on the preferred stock, and the July and October, 1909, dividends on the common stock) was \$58,092,245. Thus the net surplus from operations for these twelve years, after the payment of dividends, amounted to about \$103,000,000.

Jointly with the Atchison, Topeka & Santa Fe Ry., the Southern Pacific Co. owns the Northwestern Pacific R. R. (about 400 miles).

On June 30, 1909, the Southern Pacific Co. owned \$10,010,000 (total issue \$20,000,000) of the stock of the Pacific Mail Steamship Co. For the year ending April 30, 1909, that company reported total earnings, \$4,664,944 and a deficit of \$339,685, after all expenses, including \$351,892 for depreciation and general and extraordinary repairs of steamers.

On June 30, 1909, the Southern Pacific held in its treasury as free assets, \$165,369,237 par value of stocks and bonds of various companies other than the Proprietary Companies. This total included \$75,000,000 stock of the Southern Pacific R. R. of Mexico. Among the assets shown was \$1,530,000 par value stock of the Wells Fargo Express Co., which company in January, 1910, paid a cash dividend of 300%. This entitled the Southern Pacific Co. to

a total of \$4,590,000 in cash. Stockholders of the Wells Fargo Co. were also given the privilege to subscribe pro rata at par to new stock to the extent of 200% of their holdings. This stock pays 10% per annum.

As of June 30, 1909, the Proprietary Cos. owned 14,408,217 acres of land unsold. The principal of deferred payments on land contracts of the Proprietary Cos. was, June 30, 1909, \$1,893,582, and to June 30, 1909, the net cash proceeds from the sale of lands amounted to \$23,405,003, all but about \$725,000 of which sum had been applied to the purchase and cancellation of \$22,892,000 face value of bonds. In the year 1908-9, 80,464 acres were sold and net receipts of the Land Department were \$446,885. In 1907-8, 55,279 acres were sold and net receipts of the Land Department were \$294,685. In 1906-7, the land sales totalled 555,567 acres, and the net cash proceeds therefrom were \$1,705,809. These operations were quite distinct from the operations of the sinking funds, described below. In 1908-9, a total of \$991,000 bonds was purchased and cancelled from proceeds of sale of lands, against \$965,000 bonds so purchased in 1907-8, and \$2,049,500 bonds so purchased in 1906-7.

The sinking fund operations of all companies leave a net balance on June 30, 1909, of \$16,005,768, consisting of cost of bonds purchased for investment and cash uninvested. The total receipts from the operation of the sinking funds to June 30, 1909, were \$22,330,775. Of this sum, \$6,325,601 was used in the purchase of bonds which were cancelled and \$15,915,668 was used in the purchase of bonds which were held on June 30, 1909, as investments.

Main and second track June 30, 1909, included:

2 miles of 141-pound steel,	11 miles of 70-pound steel.
21 miles of 96-pound steel,	67 miles of 65-pound steel,
252 miles of 90-pound steel,	1,781 miles of 61½ and 60-lb.,
2,915 miles of 80-pound steel,	239 miles of 56-pound steel,
187 miles of 76-pound steel,	232 miles of 54-pound steel,
2,684 miles of 75-pound steel,	89 miles of 52-pound steel,
1,408 miles of 50-lb. and lighter,	

During the nine fiscal years to June 30, 1909, heavy rail was laid in renewals as follows, the cost thereof being charged to operating expenses:

Fiscal year 1900-1.....	401 miles,
Fiscal year 1901-2.....	563 miles,
Fiscal year 1902-3.....	677 miles,
Fiscal year 1903-4.....	482 miles,
Fiscal year 1904-5.....	578 miles,
Fiscal year 1905-6.....	419 miles,
Fiscal year 1906-7.....	355 miles,
Fiscal year 1907-8.....	304 miles,
Fiscal year 1908-9.....	541 miles.

The annual report for 1905-6 stated that on June 30, 1906, over 1,600 miles of railway were in course of construction or had been projected. This mileage included the line projected from Navajoa, a junction point on the Cananea, Yaqui River & Pacific R. R. (operated separately) along the west coast of Mexico to Guadaluajara, a distance of about 720 miles. In August, 1905, the Mexican Government granted concessions for the construction of 1,503 miles in the Republic of Mexico. To June 30, 1909, 784 miles in Mexico had been completed.

For years operating expenses have been heavily charged for improvements. The 1907-8 maintenance expenses of this system were the largest in the company's history. In 1908-9 maintenance expenses decreased somewhat; transportation expenses in 1908-9 showed a very large decrease. The extent to which the operating expenses of the Southern Pacific System have been surcharged in this respect is in no way better evidenced than by the comparison of the figures of this and other systems, as shown in the statistical tables in this book.

The gross receipts for the year 1906-7 were the largest in the history of the company since it commenced operations in the year 1885. The development of the country served by its lines and the services given by them to the public are shown in the following statement where the figures for 1885 and 1906-7 are compared:

	Year 1885	Year 1906-7	Inc.
Miles Operated.....	4,705	9,401	99%
Gross Transportation Receipts*..	\$30,351,772	\$124,942,798	311%
Receipts over Operating Expenses*	15,167,694	44,721,998	195%
Passengers Carried One Mile....	318,088,758	1,595,093,227	401%
Tons Revenue Freight Carried One Mile	868,409,660	6,911,322,899	696%

*Includes receipts from water lines and Southern Pacific Terminal Co.

The 1907-8 and 1908-9 gross receipts, in general with those of other railroads of the country, showed a decrease; the net earnings for 1907-8 showed a marked decrease as compared with the figures for 1906-7, but the net earnings for 1908-9 were the largest in the history of the company.

NEVADA-CALIFORNIA-OREGON RY.

The gauge of this road is 3 feet.

The preferred stock has a priority over the common for 5% non-cumulative annual dividends. After the common stock has received 5% both issues share ratably.

In August, 1906, a 3% dividend was paid on the preferred stock; in August, 1907, 4% was paid; in August, 1908, and in August,

1909, 5% each was paid on the preferred stock. In August, 1909, an initial dividend of 1% was paid on the common stock.

In 1901-2, 6% bonds were all exchanged for 5% bonds.

This road controls the Sierra Valleys Ry., also narrow gauge, 37 miles, operated independently. As of June 30, 1909, there was due from the Sierra Valleys Ry. the sum of \$112,214 for advances made by the Nevada-California-Oregon Ry. On Jan. 30, 1909, failure to redeem the \$300,000 First Mortgage bonds of that company caused a foreclosure of the mortgage. The Sierra Valleys Ry. has since been purchased outright by the Nevada-California-Oregon Ry. The gross earnings of the Sierra Valleys Ry. for 1908-9, were \$93,647 and the net earnings, after taxes deducted, were \$58,541.

The annual report for 1905-6 stated that the survey for the extension of the road from Madeline, its terminus, to Alturas, Cal. (40 miles), was completed and the permanent location of the line from Madeline to Likely had been adopted. Right of way had been acquired for the entire distance, including station grounds and terminal facilities at Likely and Alturas.

Construction work was completed between Madeline, Cal., and Likely, Modoc County, Cal. (20 miles) in September, 1907, and the balance of the extension, northward to Alturas, was completed late in 1908.

An extension of the road beyond Alturas to Lake View, Oregon (58 miles) is contemplated.

From the surplus of 1905-6 \$25,000 was written off account of depreciation.

From the surplus of 1906-7, \$25,000 was written off account of depreciation and \$31,135 placed to the credit of Renewal Fund.

From the surplus of 1907-8, \$50,000 was credited to the Improvement Fund, \$1,287 was expended for Permanent Improvement and \$25,000 was written off account of depreciation.

No similar appropriations were made in 1908-9.

TONOPAH & GOLDFIELD R. R.

The preferred stock of this company is entitled to non-cumulative dividends of 7% per annum. After the common stock has received a dividend of 7% in any year both issues share alike in any further division of profits for such year.

Dividends on the two classes of stock have been paid as follows:

	1906.	1907.	1908.	1909.
Preferred stock.....	27%	10%	None	None
Common stock.....	27%	10%	None	None

The 1907 dividends were paid in April. No further dividends have been declared to date.

As of June 30, 1909, Current Assets (Not including \$124,205

material and supplies on hand) amounted to \$162,788. Current Liabilities (including \$75,000 Notes Payable) were \$184,804.

DULUTH, SOUTH SHORE & ATLANTIC RY.

The preferred stock is entitled to non-cumulative dividends of 6% per annum. No dividends have been paid.

As of June 30, 1909, the Canadian Pacific Ry. owned \$6,100,000 common and \$5,100,000 preferred stock of this road, \$15,107,000 (the entire issue) of Consolidated Mortgage 4% bonds and \$3,000,000 (the entire issue) of Income Certificates.

As of June 30, 1909, the balance sheet of the Duluth, South Shore & Atlantic Ry. showed that there was due to the Canadian Pacific Ry. for interest advances, \$5,262,235, and due that company on general account, \$2,988.

The debit balance to Profit and Loss on June 30, 1909, was \$3,258,981. The company had a large floating debt in addition to the debt to the Canadian Pacific Ry.

The freight handled by this company consists mainly of Ores and Forest Products. In 1908-9 Ores contributed 38%, against 43% in 1907-8, 40% in 1906-7, 43% in 1905-6 and 49% in 1904-5; and Forest Products 26% in 1908-9, against 27% in 1907-8, 28% in 1906-7, 27% in 1905-6 and 26% in 1904-5.

The Duluth, South Shore & Atlantic Ry. controls the Mineral Range R. R., by ownership of a majority of its capital stock. See that company.

During the year 1908-9 there was charged to Construction, \$13,220, against \$84,502 in 1907-8, and against \$186,412 in 1907, the last sum, however, including \$133,556 account of New Ore Dock at Marquette, Mich. During the year 1905-6 the charges to Construction (including \$265,316 account of New Ore Dock at Marquette) amounted to \$341,310. The interest on the Consolidated Mortgage 4% bonds has not been paid since 1904-5. As stated above, the entire issue of these bonds is owned by the Canadian Pacific Ry.

MINERAL RANGE R. R.

This road is controlled by the Duluth, South Shore & Atlantic Ry. The holdings of the latter company in Mineral Range R. R. stock were valued as of June 30, 1909, at \$532,295.

The Canadian Pacific Ry. (which company controls the D. S. S. & A. Ry.) owns all the 4% bonds of the Mineral Range R. R. (\$1,254,000), and on June 30, 1909, these bonds were in the treasury of the Canadian Pacific Ry.

Loans and Bills Payable June 30, 1909, \$231,250.

The Mineral Range R. R. paid dividends as follows: 1895, 10½%; 1896 and 1897, 7%; 1898, 3½%; none since.

Of freight tonnage handled in 1908-9 Products of Mines contributed 88%.

CANADIAN NORTHERN RY.

No dividends are being paid on the stock of this company. The capital stock was increased in 1908-9 from \$30,750,000 to \$55,000,000.

The mileage operated as shown in the table includes 351 miles of the Northern Pacific & Manitoba Ry., leased by the Northern Pacific Ry., to the Provincial Government and sublet by the latter for 999 years from May 30, 1901, at a rental of \$210,000 annually for first ten years, \$225,000 for ten years, then \$275,000 for ten years, and thereafter \$300,000, with option to purchase at any time for \$7,000,000. The Manitoba Government has option to purchase the entire property in 1929.

Construction work has been carried on on a large scale for several years and was being actively pursued in 1908-9. The mileage operated on June 30, 1909, was 3,140 miles and 40 miles of additional lines were opened for business to November, 1909; 371 miles of additional branches were practically completed, and over 400 additional miles of road were under construction at the close of 1909. In addition the Canadian Northern Ry. will through its subsidiary companies, viz. Canadian Northern Ontario Ry. (310 miles, June 30, 1909), and Canadian Northern Quebec Ry. (351 miles, June 30, 1909), secure access to Quebec, Montreal, Ottawa and Toronto. The Canadian Northern Ry. proposes building a number of branches and extensions, including a line to York Factory on Hudson Bay.

The Canadian Northern Ry. controls the Canadian Northern Quebec Ry. (351 miles), through ownership of over two-thirds of its capital stock, and guarantees the principal and interest of the \$3,678,750 Great Northern Ry. of Canada (now consolidated) 4% Consolidated Mortgage bonds due October 1, 1935; also guarantees the 4% Perpetual Debenture stock of the Canadian Northern Quebec Ry., which stock was authorized in October, 1906. The extension of this line from Garneau Jct. to Quebec, 90 miles, was completed early in 1909.

The Canadian Northern Ontario Ry. sold in June, 1909 £800,000 Perpetual Consolidated 4% Debenture stock. The proceeds of this issue were to be used to construct a line to Buffalo, N. Y.

In 1904-5 the Canadian Northern Ry. sold £600,000 4% Perpetual Consolidated Debenture stock and secured legislation authorizing the issue of new 4% Consolidated Debenture bonds, guaranteed as to principal and interest by the Province of Manitoba. Provision was made for the exchange of a large part of existing bonds for bonds of the new issue at par. To June 30, 1909, a substantial amount of bonds had been exchanged. On June 30, 1909, Guaranteed Consolidated Debenture bonds were outstanding to the

amount of £2,436,200, against £2,231,800 on June 30, 1907, and £1,307,860 on June 30, 1905. On June 30, 1909, £1,923,287 bonds guaranteed by the Dominion Government of Canada were outstanding, against £189,057 on June 30, 1905. £2,000,000 Perpetual Consolidated Debenture stock was sold in 1907-8, £702,705 in 1906-7, and £1,240,000 in 1905-6. £4,942,750 Consolidated Debenture stock was outstanding June 30, 1909. £850,000 additional stock of this character was sold in November, 1909.

In June, 1909, there was sold £1,200,000 1st mortgage 4% Debenture stock, under a mortgage created May 13, 1909. One-half of this Debenture stock is guaranteed by the Province of Saskatchewan, and one-half is guaranteed by the Province of Alberta. The proceeds from the sale of this stock are to be used to construct new mileage in the two provinces mentioned above.

In August, 1906, the Qu'Appelle, Long Lake & Saskatchewan R. R. & Steamboat Co., Regina to Prince Albert, 256 miles, was acquired (and since December, 1906, has been operated as a leased line), the £3,809,140 outstanding bonds being offered £107 for each £100 bond in 4% Debenture stock guaranteed by the Canadian Northern Ry.

In December, 1906, the Canadian Northern Ry. acquired 51 per cent. of the \$6,000,000 capital stock of the Quebec & Lake St. John Ry., Quebec to Roberval, on Lake St. John, with branches, 286 miles.

In December, 1908, the Duluth, Rainy Lake & Winnipeg Ry., extending from Virginia, Minn., north to International Falls (98 miles), was acquired. This line is to be extended in the immediate future to Duluth (75 miles). An allied company called the Duluth, Winnipeg & Pacific R. R. was incorporated in March, 1909, to construct this extension. The company will have \$6,000,000 stock, and there has been authorized \$10,500,000 First Mortgage 4% bonds and \$1,525,000 Second Mortgage 4% bonds, both guaranteed by the Canadian Northern Ry.

The Canadian Northern Ry. held on June 30, 1909, 1,398,013 acres of land unsold. The total sales during 1908-9 were 116,662 acres and the amount realized therefrom was \$1,001,722. The balance sheet of June 30, 1909, showed that the deferred payments on land sales amounted to \$7,273,230, and there was \$4,302,637 cash held in trust to retire Land Grant Bonds amounting to \$6,805,347, of which latter, \$4,805,347 were sold in 1908-9. The surplus in the Land Grant account, on June 30, 1909, was \$10,531,994; the net surplus of the railway on that date was \$3,948,518.

The Edmonton, Yukon & Pacific Ry. an allied company (since consolidated with the Canadian Northern Ry.) requested permission of the Canadian Government to build a line from Edmonton, the then western terminus of the Canadian Northern Ry., to a point in British Columbia where connections will be made with

the British Pacific Ry., also an allied company. The latter company will construct lines from the connecting point at Vancouver, B. C., and to points on the Pacific Coast. The British Columbian Government agreed, in October, 1909, to guarantee interest at 4% on bonds to be issued at \$35,000 per mile, to construct a line across the Rockies to Vancouver and Pacific tidewater, about 600 miles, to be completed within four years.

In July, 1908, the Canadian Government agreed to guarantee principal and interest an issue of 50-year 3½% debentures to be issued at \$13,000 per mile on 609 miles of branches in Manitoba and Saskatchewan. None of these debentures had been issued to December, 1909, although contracts are under way upon certain of these lines.

In July, 1909, there were sold \$3,000,000 Winnipeg Terminal 4% bonds due 1939, guaranteed principal and interest by the Province of Manitoba.

The Saskatchewan Government late in 1909 agreed to guarantee bonds on three new lines to be built in the spring of 1910, one from Regina to Moose Jaw, one from Regina to Edmonton, and the third from Regina to Calgary, via the present Goose Lake line.

With the completion of the various extensions and branches under construction and projected, the lines of the Canadian Northern Ry. will form one of the three Transcontinental Systems of the Dominion of Canada. In addition to the lines now operated into Toronto, Montreal and Quebec, the Canadian Northern Ry. now operates or will operate lines into St. John and Fredericton, New Brunswick, Niagara Falls, N. Y., Ottawa, Duluth, Minn., Winnipeg, York Factory on Hudson Bay, Regina, Prince Albert, Edmonton, Calgary and Vancouver, B. C., on the Pacific Coast. The company's lines will reach practically all of the larger Canadian cities and traverse all of the central and southern States and Territories.

Arrangements were completed in July, 1909, by which the Canadian Northern Ry. secured running rights over the Canadian Pacific Ry. from Sudbury to Port Arthur. This gives the former a through line from Toronto to Winnipeg, Edmonton and all its western points.

Trains are now operated between Ottawa, Montreal and Quebec by the Canadian Northern Ontario Ry. and the Canadian Northern Quebec Ry.

CANADIAN PACIFIC RY.

The preferred stock is limited to non-cumulative dividends of 4% per annum. Dividends at the rate of 7% are being paid on the ordinary stock in April and October, of which, however, 1% represents an extra dividend payable from interest on land sales.

See under Wisconsin Central Ry. for particulars regarding the

purchase of control of that company by the Minneapolis, St. Paul & Sault Ste. Marie Ry.

Comparison (so far as can be made with the meager information at hand) of the maintenance expenses of the Canadian Pacific Ry. and of other transcontinental roads, tends to show that the policy of this road has been by no means so liberal as that of the Northern Pacific Ry., Great Northern Ry., Union Pacific R. R., Atchison, Topeka & Santa Fe Ry., or Southern Pacific Co. in the manner of charging expenses for improvements. A large amount is, however, annually saved owing to the lower cost of labor and materials in Canada as compared with the United States.

The Canadian Pacific Ry. owns a majority of the stock of the Minneapolis, St. Paul & Sault Ste. Marie Ry.; also owns about \$4,000,000 bonds of that company. The Canadian Pacific Ry. guarantees interest on practically all of that company's bonds. See that road as to control of Wisconsin Central Ry.

As of June 30, 1909, the Canadian Pacific Ry. owned a majority of the bonds and stock of the Duluth, South Shore & Atlantic Ry. See that road.

As of June 30, 1909, the Canadian Pacific Ry. owned, directly and indirectly, 12,941,099 acres of land unsold. The lands owned by the company are not valued in the balance sheet.

Total sales of land (all grants) for the past eight fiscal years have been:

	Sales.	Realized.
Year 1901-2.....	1,589,068 acres.	\$5,227,762
Year 1902-3.....	2,639,617 "	9,695,673
Year 1903-4.....	928,854 "	3,807,248
Year 1904-5.....	509,386 "	2,446,300
Year 1905-6.....	1,115,743 "	6,513,452
Year 1906-7.....	994,840 "	5,887,377
Year 1907-8.....	164,450 "	1,569,165
Year 1908-9.....	376,046 "	5,085,517

To June 30, 1909, a total amount of \$66,610.619 net had been received by the company from sales of land. Of this amount \$2,-849,831 had been expended on irrigation and \$36,193,521 had been expended in construction of railway and equipment and deducted from cost of property.

In 1906-7 \$1,500,000 (the remaining outstanding) Land Bonds bearing interest $3\frac{1}{2}\%$ per annum, guaranteed by the Dominion Government, were retired. The deferred payments on land and town site sales were, on June 30, 1909, \$16,353,674. These deferred payments draw interest at 6%.

During the six fiscal years to June 30, 1909, the Canadian Pacific Ry. sold stock as follows and received therefrom approximately the amounts below:

	Par value.	Realized.
Ordinary stock.....	\$65,500,000	\$68,286,738
Preference stock.....	£ 4,150,000	20,203,605
Consol. Debenture stock...	£12,673,537	63,860,643
Total		\$152,350,986

The proceeds of the sales of stock were used for equipment, improvements, construction, and to cover the cost of steamships, and for acquisition of bonds of other companies, guaranteed by the Canadian Pacific Ry. and for other purposes.

In October, 1904, the stockholders voted to increase the ordinary stock from \$84,500,000 to \$110,000,000, and of the increased stock, \$16,900,000 was offered to stockholders at par. The ordinary stock issued in 1902-3 (\$19,500,000) was sold at that time to stockholders, also at par. In March, 1906, the authorized issue of ordinary stock was increased to \$150,000,000, and \$20,280,000 stock was offered for subscription to stockholders at par, the final payment being made January 25, 1907. \$24,336,000 ordinary stock was in 1908 sold to stockholders at par, raising the total amount outstanding to \$146,016,000. In February, 1909, additional ordinary stock was sold raising the total outstanding to \$150,000,000.

In October, 1908, the stockholders authorized an increase in the ordinary stock from \$150,000,000 to \$200,000,000. The company offered in October, 1909, to ordinary stockholders of record November 15, 1909, the privilege of subscribing at 125 until January 5, 1910, for \$30,000,000 of new ordinary stock to the extent of 20% of their respective holdings. Subscriptions were declared payable at the Bank of Montreal, London, New York or Montreal, in five equal installments in 1910, viz.: January 5, March 9, May 9, July 8 and September 7.

Stockholders on October 3, 1907, authorized the issue of \$8,000,000 Consolidated Debenture stock, viz.: at not over \$20,000 per mile, to construct branches aggregating about 300 miles, to pay for additional work on the Sudbury branch, 226 miles (completed June 15, 1908), at \$10,000 per mile; and to purchase additional steamers, etc.

In August, 1905, the double-tracking of the line from Fort William, Ont., to Winnipeg, 427 miles, was begun; total cost estimated at \$10,000,000. This work was expected to be completed in 1909.

On June 30, 1909, the Canadian Pacific Ry. operated 262 miles of road (not including M. St. P. & S. S. M. and D. S. S. & A.) whose operations were not included in Canadian Pacific Ry. returns. On the date mentioned, 403 miles were under construction. The Canadian Pacific Ry. constructed during the calendar year 1909 a total of 395 miles of road; 1101 miles of road were built in the three fiscal years to June 30, 1909.

THE EARNING POWER

The balance sheet on June 30, 1909, showed a credit to Surplus of \$35,164,830, and credit to Land Grant of \$27,567,267, the latter amount representing the balance of proceeds of sales, and therefore a free asset. These two amounts make the total surplus as shown on the books of the company, on June 30, 1909, \$62,732,097. The following statement will show roughly how this surplus was represented:

Assets.	
Deferred payments on Land Sales.....	\$16,353,674
Advances to Lines under Construction, etc.	10,439,675
Material and Supplies.....	10,669,440
Cash	21,078,813
Other Current Assets.....	10,552,981
Total	<u>\$69,094,583</u>

Liabilities.	
Current Liabilities	\$13,663,578
Interest and Rental Accrued.....	1,403,564
Replacement Funds.....	4,114,682
Total	<u>\$19,181,824</u>
Excess of Assets	\$49,912,759

The above mentioned liabilities do not include \$3,530,500 to the credit of an account styled Appropriation for Additions and Improvements, and \$995,239 to the credit of a Reserve Fund for Contingencies.

Cost of Railway and Equipment was shown in the balance sheet of June 30, 1905, as follows:

Cost of Railway and Equipment.....	\$275,837,497
Less amount Subsidies and Bonuses received	\$30,752,195
Less proceeds of land sales expended in construction	<u>36,193,521</u>
Net cost	<u>\$208,891,781</u>

The balance sheet item, Cost of Railway and Equipment, stood at \$302,196,638 on June 30, 1909. Cost of Ocean, Lake and River Steamships stood at \$18,085,886.

On June 30, 1909, the Canadian Pacific Ry. held \$112,185,534 par value of bonds and stocks of other companies at a cost of \$63,153,544.

During the last few years (but not in 1908-9) substantial appropriations have been made from surplus earnings for additions, improvements, etc.

A comparison of Equipment in service June 30, 1909, and amount in service December 31, 1899, shows:

	1909	1899	Increase
Locomotives	1,478	690	788
Passenger Equipment, etc.....	1,796	773	1,023
Freight Equipment, etc.....	48,545	19,367	29,178
Other Equipment	3,013	682	2,331
Ocean, Lake and River Steamers..	63	32	31

GRAND TRUNK RY. OF CANADA.

The first preference stock is entitled to 5% per annum after payment of dividend on the 4% guaranteed stock. The second preference stock and the third preference stock are entitled to 5% per annum and 4% per annum respectively in order of priority as mentioned.

Dividends have been paid during the past eleven years as follows:

Stock		'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09
Guaranteed	%	4	4	4	4	4	4	4	4	4	4	4
First preferred ..	%	5	5	5	5	5	5	5	5	5	5	5
Second preferred.	%	3¼	3	4	5	5	5	5	5	5	2½	5
Third preferred.	%	0	0	0	1	2	0	2	3	3	0	0

This company owned on June 30, 1909, \$2,185,100 stock and \$1,583,300 First Mortgage 4% bonds of the Central Vermont Ry. Co. See latter company as to traffic contract with reference to the guaranty of its bonds.

The Grand Trunk Ry. owns the entire or majority capital stock of the following lines operated separately:

	Miles Operated
Grand Trunk Western Ry.	336
Detroit, Grand Haven & Milwaukee Ry.....	191
Toledo, Saginaw & Muskegon Ry.	96
Canada Atlantic Ry. (controlled and operated)..	466
Central Vermont Ry.	531

The deficit of the Canada Atlantic Ry. and of the Detroit, Grand Haven & Milwaukee Ry. for the year 1908-9 are included in the Fixed Charges as given in the income account on the statistical page in this book.

The railroad and equipment bonds of first three mentioned companies have a traffic guaranty from the Grand Trunk Ry. The \$16,000,000 4% Consolidated First Mortgage bonds dated 1905, of the Canada Atlantic Ry. are guaranteed as to principal and interest by the Grand Trunk Ry. Of these bonds \$14,384,644 are outstanding. The Grand Trunk Ry. acquired and took over the Canada Atlantic Ry. on September 30, 1905.

See Toledo, St. Louis & Western R. R. as to joint ownership and joint guaranty by the Grand Trunk Western Ry. of bonds of the Detroit & Toledo Shore Line (79 miles operated).

In November, 1909, the Grand Trunk Ry. purchased control of the Pontiac, Oxford & Northern R. R. (100 miles). See that company.

GRAND TRUNK PACIFIC RY.

This new transcontinental railway across Canada has received the approval of the Canadian Government, and will be carried through with the joint financial support of the Government and the Grand Trunk Ry. Co., of Canada. It will consist of a main line of estimated length of about 3,600 miles from Moncton, N. B., to Prince Rupert, B. C., a point on the Pacific Ocean, with branch about 200 miles. See following:

The Eastern Division to be built by the Canadian Government, about 1,800 miles, Moncton, N. B., via Quebec to Winnipeg, will on completion be leased for 50 years to the Grand Trunk Pacific Ry. Co.—for first seven years at cost of operating only, and for remaining 43 years at 3% on cost of construction, but under more favorable conditions in the event that this line does not at once pay. The Eastern Division is known as the National Transcontinental Ry.

Bonds: On condition that the Grand Trunk Ry. Co. of Canada guarantee Second Mortgage bonds to provide the balance for the construction of the Western Division of the line, the Canadian Government undertakes to guarantee First Mortgage bonds bearing interest at 3% for an amount up to 75% of the cost of construction of that division, such amount (a) in the case of the Prairie Section not to exceed \$13,000 per mile, or £3,210,000 in all, and (b) three-quarters of whatever the cost per mile may be from the mountains to the Pacific coast, called Mountain Section. Total issue limited to £14,000,000.

Series "A" (Prairie Section, 916 miles) bonds, total issue limited to £2,100,000 (all outstanding), and Series "B" (Mountain Section, 839 miles) bonds, not to exceed £2,050,000 (£1,354,000 outstanding in January, 1910), are secured by a Second Mortgage (National Trust Co., Toronto, Trustee), on the railway, equipment and tolls of the company, including its leasehold interest in the Eastern Division, but not branch lines exceeding six miles in length, ships, grants of land (other than for railway purposes) and the rolling stock of the Eastern Division, or of the above mentioned branch lines of over six miles. These bonds are unconditionally guaranteed as to principal and interest by endorsement on each by the Grand Trunk Ry. Co.

Lake Superior Branch bonds, total issue limited to £1,550,000 (all outstanding) are secured by a First Mortgage on all the 188

miles Lake Superior Division and are guaranteed principal and interest by Grand Trunk Ry. Co.

The Grand Trunk Pacific Branch Lines Co. has been incorporated for the purpose of constructing certain proposed branch lines of the Grand Trunk Pacific System.

General Finances: In February, 1905, Speyer Bros., in London, and others offered at 99½%, £3,004,000 4% Second Mortgage Sterling bonds due 1955, viz.: £1,646,000, Series "A" (Prairie Section), bonds and £1,358,000 Lake Superior Branch bonds, all guaranteed by the Grand Trunk Ry. Co. In March, 1905, N. M. Rothschild & Sons offered at 95, £3,200,000 First Mortgage 3% Sterling bonds guaranteed by the Canadian Government; £2,000,000 additional 3% guaranteed bonds were sold at 82½ in July, 1909.

On May 4, 1909, the Dominion of Canada loaned to the Grand Trunk Pacific Ry. the sum of \$10,000,000 to aid in the cost of construction. The Company pays Government 4% annually and agrees to repay the loan in 1919. This loan is secured by the company's bonds, guaranteed by the Grand Trunk Ry. under a mortgage on the Prairie Section, subject to existing prior liens.

In May, 1909, the Grand Trunk Pacific Branch Lines Co. (a subsidiary company) issued £1,000,000 4% bonds due 1939, guaranteed one-half each by the Provinces of Saskatchewan and Alberta, the proceeds to be used to construct branch lines in these provinces.

To January 1, 1910, the lines of the Prairie Section, running through the great wheat belt from Winnipeg to Edmonton, 793 miles, had been completed; also the line from Edmonton westward to Wolf's Creek, 123 miles. On the Mountain Section, work was completed on 100 miles eastward from Prince Rupert to Copper River, and contracts had been let for about 179 miles of the Mountain Section, westward from Wolf's Creek; also for 135 miles east of Copper River. In all about 311 miles of the Prairie and Mountain Sections were constructed during the calendar year 1909. Contracts for 140 miles of the Pacific Coast Section were let in August, 1910. The cost of constructing this part of the line it was estimated would be about \$10,000,000. The Lake Superior Branch from Thunder Bay on Lake Superior to a junction with the Eastern Division was completed late in 1908. On the Eastern Section (National Transcontinental Ry.), 312 miles of road were constructed in 1909.

The authorized stock of the Grand Trunk Pacific Ry. is \$45,000,000, of which \$25,000,000 is owned by the Grand Trunk Ry. of Canada.

In 1906, the creation of \$25,000,000 of debenture stock of the Grand Trunk Pacific Ry. was authorized, for the purpose of providing funds for the equipment of the line, etc. Of this debenture stock, \$5,000,000 each was sold in February, 1907, January, 1908; February, 1909 and January, 1910. The last sale was made at 92½. This stock is guaranteed by the Grand Trunk Ry.

MEXICAN INTERNATIONAL R. R.

The Income Bonds (no mortgage) of this company are entitled to non-cumulative interest at the rate of 4% per annum if earned. In 1908-9, 4% was paid, which rate had been paid for several years.

All of the Income Bonds and \$3,000,000 of the First Consolidated 4% stamped bonds of this company are owned by the National Rys. of Mexico; also nearly all of the capital stock. \$15,825,400 stock was owned by the latter company on June 30, 1909, and on the date mentioned an agreement was made whereby \$4,172,100 additional stock was purchased from the Southern Pacific Co. Early in 1910 a merger of this company with the National Rys. of Mexico was pending.

The bonds of this company consist of \$5,850,000 4½% Prior Lien bonds (expressed in Pounds Sterling) due 1947 and \$7,206,500 First Consolidated Mortgage 4% bonds, of an authorized issue of \$16,000,000. The bonds mature in 1977 and sufficient of them are reserved to retire the Prior Lien 4½% bonds at maturity. \$6,501,000 of the 4% bonds are stamped, being guaranteed principal and interest by the National R. R. of Mexico.

The sum of \$87,222 was appropriated from the surplus for 1908-9 for additions, betterments and new equipment. \$917,422 was so appropriated in 1907-8, in which year (after stated appropriation and payment of interest on Income Bonds), a deficit of \$352,876 was carried to Profit & Loss.

Current Assets (U. S. Currency) on June 30, 1909, were \$1,388,165 (this included \$435,866 material and supplies on hand), and Current Liabilities were \$496,627. The credit balance to Profit & Loss on that date was \$3,028,728.

Products of Mines contributed 79.5% of the total tonnage carried in 1908-9, against 78.6% in 1907-8.

NATIONAL RAILWAYS CO. OF MEXICO.

Dividends at the rate of 2% per annum are being paid on the first preferred stock, semi-annually in February and August. The first dividend was paid February, 1909. This company was organized in March, 1908, to take over the properties of the National R. R. of Mexico and the Mexican Central Ry., and in May, 1908, those two companies were amalgamated. The Mexican Government holds a controlling interest in the new company. The authorized capital stock of the new company is as follows: \$75,000,000 (U. S. Currency) common stock, \$30,000,000 non-cumulative 4% first preferred stock and \$125,000,000 non-cumulative 5% second preferred stock. There has been further authorized \$225,000,000 Prior Lien 50-year 4½% bonds and \$160,000,000 General Mortgage 70-year 4% bonds, the latter guaranteed principal and interest by the Mexican Government. The 4½% bonds are to be redeemed by a sinking fund

beginning in 1917, and are subject to call before maturity at 105 and interest in amounts of not less than \$10,000,000. The 4% bonds are to be retired by a sinking fund beginning in 1937, and after April 1, 1927, are subject to call at par and interest in lots of not less than \$10,000,000. The right is reserved to issue additional bonds of this series to take up underlying bonds.

BASIS OF EXCHANGE.

Each \$1,000 par value of deposited Securities received in accordance with plan of April 6, 1908.

Guaran-		Prior		Lien		Gen.		1st		2nd		Com.	
Cash		Bonds		4½%		Mtge.		Pfd.		Pfd.		Shares	

Deposited Bonds and Stocks.

Mexican Central Ry., Ltd.:

Priority 5% Bonds.....	\$700	\$475			
First Mortgage 7% Bonds and Scrip Assented.....	1,000				
Consolidated Mortgage 4%	600	325			\$75
First Cons. Incomes and Scrip					1,100
Registered Incomes and Scrip					1,100
Second Consolidated Incomes					1,000
Stock					1,000

National R. R. Co. of Mex.:

Preferred Stock	\$100	\$1,000			
Second Preferred Stock....				1,100	
Common Stock (old).....				733⅓	\$333⅓
Deferred Stock					1,000

The above plan was declared operative on May 28, 1908.

The new bonds are to be issued for the following purposes:

PRIOR LIEN 4½ PER CENT. BONDS.

\$6,597,000 Mexican Central Ry. Priority 5% Bonds (redeemable) 70%.....	\$	4,617,900
\$265,062 Mexican Central Ry. Assented First Mortgage Bonds and Scrip, 100%.....		265,062
\$109,020,000 Mexican Central Ry. Consolidated Mortgage 4% Bonds, 60%.....		65,412,000
Sold for cash		10,000,000
For issue for betterments, improvements and equipment presently required; to take up National R. R. of Mexico 5% (Extended) Gold Notes due April 1, 1909, and if deemed advisable, Mexican Central Ry. Equipment Notes, and for other corporate purposes..		20,205,038
Mexican Government, on account of its guaranty and other considerations		6,000,000

Carried forward	\$106,500,000
For retiring outstanding National R. R. of Mexico Prior Lien 4½% Gold Bonds, due 1926.....	23,000,000
For issue under suitable restrictions to be expressed in the mortgage for the construction or acquisition of the Short Line from Tampico to the City of Mex- ico or for the construction or acquisition of addi- tional lines of railroad, terminals, and for betterments, improvements and equipment.....	95,500,000
	\$225,000,000
GUARANTEED GENERAL MORTGAGE 4 PER CENT. BONDS.	
\$6,597,000 Mexican Central Ry. Priority 5% Bonds (redeemable) 47½%.....	\$ 3,133,575
\$109,020,000 Mexican Central Ry. Consolidated Mort- gage 4% Bonds, 32½%.....	35,431,500
Sold for cash.....	6,750,000
For issue for betterments, improvements and equip- ment presently required; to take up National R. R. of Mexico 5% (Extended) Gold Notes due April 1, 1909, and for other corporate purposes.....	12,985,925
For retiring outstanding National R. R. of Mexico First Consolidated Mortgage 4% Gold Bonds (exclu- sive of bonds pledged under Two-Year 5% Notes of that Company).....	24,749,000
Mexican Government on account of its guaranty and other considerations	2,450,000
For issue under suitable restrictions to be expressed in the mortgage for the construction or acquisition of the Short Line from Tampico to the City of Mex- ico or for the construction or acquisition of addi- tional lines of railroad terminals, and for betterments, improvements, and equipment.....	74,500,000
	\$160,000,000

The right is reserved to issue additional 4½% bonds and 4% bonds, to take up, at or before maturity, an equal amount of Prior Liens 4½s and Consolidated Mortgage 4s of the Mexican International R. R.

To January, 1910, the securities of the National Rys. of Mexico had been issued as follows (all U. S. Currency): common stock, \$74,789,369; first preferred stock, \$28,834,200; second preferred stock, \$123,835,600; prior lien bonds, \$89,227,400; general mortgage bonds, \$52,746,600.

The Government of Mexico owns \$115,023,590, a majority of the stock. Of this, \$10,000,000 is first preferred, \$30,278,290 second preferred and \$74,745,300 is common stock.

The National Rys. Co. of Mexico assumed the following: \$15,740,000 5% Notes due July 1, 1910 (since retired), of the Mexican Central Ry.; \$10,000,000 Notes due April 1, 1909 (paid off at maturity), and \$50,289,000 bonds (Prior Lien 4 $\frac{1}{2}$ s and First Consolidated 4s) of the National R. R. of Mexico, of which \$47,740,000 were outstanding June 30, 1909.

Statement of securities deposited up to June 30, 1909, in accordance with the plan of April 6, 1908:

SECURITIES OF THE MEXICAN CENTRAL RY. LTD.

	Total Issue.	Deposited.	Per Cent.	Out-standing.	Per Cent.
10% Notes.....	\$500	.....	0.0	\$500	100.0
5% Priority Bonds	6,597,000	\$5,177,000	78.5	1,420,000	21.5
First Mortgage Bonds	264,062	212,977	80.6	51,085	19.3
Consolidated Mortgage 4%...	109,020,000	105,341,000	96.6	3,679,000	3.4
First Income Bonds	32,706,000	31,629,600	96.7	1,076,400	3.3
Registered Income Bonds	325,200	307,000	94.4	18,200	5.6
Second Income Bonds	11,284,000	11,166,000	98.9	118,000	1.0
Shares	59,127,100	58,972,300	99.7	154,800	0.3
Total	\$219,323,862	\$212,805,877	97.0	\$6,517,985	3.0

SECURITIES OF THE NATIONAL R. R. OF MEXICO.

	Total Issue.	Deposited.	Per Cent.	Out-standing.	Per Cent.
Preferred Stock..	\$32,000,000	\$31,973,600	99.9	\$26,400	0.1
Second Preferred Stock	22,043,600	21,981,900	99.7	61,700	0.3
Common Stock...	284,600	112,700	39.6	171,900	60.4
Deferred Stock...	11,021,800	11,021,800	100.0	.....	0.0
Total	\$65,350,000	\$65,090,000	99.6	\$260,000	0.4

TOTAL NUMBER OF SECURITIES OF BOTH COMPANIES.

	Total Issue.	Deposited.	Per Cent.	Out-standing.	Per Cent.
Bonds and Shares.	\$284,673,862	\$277,895,877	97.6	\$6,777,985	2.4

All the above amounts are in United States currency.

The Hidalgo & Northeastern R. R., a narrow gauge road (152 miles), the stock of which was all previously owned by the National R. R. of Mexico, has also been incorporated in the System.

The National Rys. Co. of Mexico owned on June 30, 1909, stocks and bonds of other companies carried at a book value of \$31,074,719. Over one-half of these securities are pledged under the Prior Lien and Consolidated Mortgages of the National R. R. of Mexico. Among the securities held was \$15,825,400 common stock of the Mexican International R. R., also \$4,499,000, all of that company's income bonds. Nearly all of the above were previously held in the treasury of the National R. R. of Mexico. It was stated in the annual report of the National Rys. Co. of Mexico that arrangements had been made to purchase from the Southern Pacific Co. its holdings in the stock of the Mexican International R. R., which amounted to \$4,172,800, the acquisition of which stock would enable the Mexican International R. R. to consolidate with and become a part of the National Rys. of Mexico, adding a total of 917 miles of standard gauge road to that system. In addition to \$20,708,200 stock and \$4,499,000 income bonds, the Mexican International R. R. had outstanding June 30, 1909, \$5,850,000 Prior Lien 4½% bonds due 1947 and \$7,206,500 First Consolidated Mortgage 4% bonds due 1977, most of the latter bearing the guarantee of the National R. R. of Mexico.

The National Rys. of Mexico owns the controlling interest in the Inter-oceanic Ry. of Mexico, Ltd., a company operating 736 miles of narrow gauge road.

As of June 30, 1909, main track and branches (including narrow gauge), contained:

154 miles of 85-pound rail,	260 miles of 60-pound rail,
30 miles of 83-pound rail,	1,909 miles of 56-pound rail,
1,016 miles of 75-pound rail,	19 miles of 55-pound rail,
967 miles of 70-pound rail,	5 miles of 50 to 54-lb. rail,
176 miles of 66-pound rail,	726 miles of lighter weights.

Of the total mileage of the System, June 30, 1909, 4,734 miles were standard gauge and 528 miles were narrow gauge.

52.4% of the total freight tonnage consists of Mineral Products.

CUBA R. R.

This railroad is controlled by the Cuba Co.

The authorized amount of common stock is \$10,000,000. The preferred stock is entitled to 6% per annum non-cumulative dividends. An initial dividend of 1½% was paid on the preferred stock in August, 1909. Another dividend of 1½% was paid in February, 1910.

The First Mortgage bonds of the Cuba R. R. (only issue) mature July 1, 1952, bear interest at 5% and may be issued at \$20,000 per mile.

As of June 30, 1909, there was due the Government of Cuba

\$478,790, any balance not repaid by Government transportation service to be paid December 15, 1916, without interest.

The surplus to the credit of Profit and Loss as of June 30, 1909, was \$1,644,085. Current Assets as of that date (for the most part cash and not including \$404,137 material and supplies) were \$1,014,560 and Current Liabilities amounted to \$340,614.

An extension from Santa Clara to Havana (170 miles) is proposed.

About 173 miles of road, to be known as the "Bayamo Branch," were completed (18½ miles) or were under construction (154½ miles) in 1908-9. To aid in the construction of these lines the Government of Cuba has granted a subsidy of \$8,000 per mile on 154½ miles of the line. This branch will open to railroad traffic a rich and well-populated section of the Island.

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